Wednesday September 7 1988

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World News iraq's leader Japan widens warns that **Guif War** may restart

President Saddam Hussein of Iraq said that the eight year war with Iran would break out if the Iranians searched any iraqi ships in the Gulf. He told a conference of Arab information ministers in Baghdad that the war had not formally ended despite a UN-me-diated ceasefire which went into effect on August 20: Freedom of navigation in the Gulf is one of the sticking points that have prevented progress at peace talks between in Geneva which

Khomeini chides PM Iran's Ayatoliah Ruhollah Khomeini publicly rebuked Mr Mir Hussein Mousevi, his Prime Minister, for offering to resign. President Ali Khamenel told . Mr Mousavi that his resignstion had been rejected, and Aystollah Khomeini said that he should stop quibbling and get on with his job. Page 20

UK post strike

began.on Angust 25.

Leaders of Britain's Post Office union said that 90,000 of the country's 140,000 postal workers had joined strikes. The Post Office said that more than half of the total network of letterindling offices was at a standstill Page 7

Rocard tax boost Growth of the French economy has provided a boost to tax receipts and left the socialist Government of Mr Michel Rocard with more room than . expected to raise spending.

Chile opposition Chilean television began giving air time to opponents of Gen

Augusto Pinochet's regime

for the first time in 15 years of military government. Page Peru strike cells 1995 Peru's National Federation of Miners, Metallurgical and

announced a 72 hour strike next Monday. Page 5 India journais strike Newspapers closed across India

Steel Workers in Peru

newspapers three transfer and in display of unity by India's press against proposed legislation that would restrict investigative reporting. Page 3 Burma military shift

Heroes of Burma's independence struggle, linked to Gen Ne Win, the former president, by a blood oath, publicly abandoned him to side with an uprising against the system he created. Page 3

israel poli campaign The campaign for this November's general election in Israel began with the right wing bloc holding a narrow lead in opin-

Opposition praised Hungary's leadership has welcomed the formation of a formal opposition movement by a group of prominent Hungar-ian dissidents. Page 2

Soviet 'bribed'

Mr Nikolai Shcholokov, a for-mer Soviet Interior Minister and friend of the late leader Leonid Brezhnev, was posthu mously accused in court of taking jewels, delicacies and cash in bribes. Page 2

Solidarity warned

Poland's Communist authori-ties warned the outlawed Soli-darity trade union that the Government would break off talks with the opposition if the labour movement formented new industrial unrest.

Business Summary foreign access to bond issue

JAPAN'S Ministry of Finance bowed to government pressure from the US and Europe and announced plans to give for-eign banks and securities firms enlarged access to the under-writing and distribution of the key 10-year Japanese govern-ment bond issue. Page 21 STERLING improved yesterday in currency markets, feeding on concern that UK interest rates may be increased. It was underpinned by the dollar's

Storling against the Dollar (£ per \$)

August 1988 Sep

weaker tone after the long US weekend and also improved against the D-Mark. Foreign exchanges, Page 31

CRA, diversified Australian resources group 49 per cent owned by RTZ of the UK, reported half-year profits which equalled 1987's record full-year result, reflecting the recent turmound in world metal prices. Page 21 SEDUWICK Group, world's second-biggest insurance bro-kers, saw its half-yearly pre-tax

profits drop 26 per cent to 261.9m amid worst trading con-ditions in the broking community's recent history. Page 21 DOW CHEMECAL, big US producer of bulk chemicals, will this week launch a \$566 im offer for Resear Chemical as part of a friendly agreement with the New Jersey specialty chemicals company. Page 23

offer to buy a stake in Aerolinational airline. Page 23 SOCIETE Générale de Belgi-que's reorganised management is to produce by the end of the year a far reaching strategic plan for the sprawling con-

PROCTER & GAMBLE, the leading household and per-sonal care products group, is forming a joint venture with Industrias Mammi, a personal care products company based in Caracas, Page 23

ITALY'S Banca Commerciale Italiana, still smarting from its inability to acquire Irving Trust of New York after inter-vention by the US Federal Reserve Board, rejected criti-cism by the Italian foreign ministry. Page 28

NEW SHARE index of 25 leading Italian blue chips was launched in Milan by Studio Aletti, the securities house chaired by Mr Urbano Aletti, former president of the Milan Stock Exchange, Page 26

ZANUSSI, the Italian arm of Sweden's Electrolux white goods group which is about to lose its chief executive to Alitalia, the Italian airline, combined news of strong

results with the announcem of a major decentralisation of management. Page 24 FEDERAL EXPRESS of the

US, one of the world's largest package delivery companies, is negotiating to buy Unilever's transport operations in West Germany and the Netherlands.

CHARGEURS, the diversified French industrial group, is selling Spontex, the world's leading maker of synthetic sponges, to 3M of the US for FFri.1bn (\$180m). Page 24

Zhao may be stripped of control over the economy



SWISSAIR is to withdraw its Those data underlined worries at the Bundesbank, the central

ing the driving force. giomerate. Page 23

ness of the dollar.

The minister, who can now look forward to an easing in US pressure for a boost to Ger-

ZHAO ZIYANG, the Chinese Nor was he given the job of

Communist Party General Secretary and a leading proponent of free-market reform, supears to have been forced to relinquish control of economic pol-

icy.

The move suggests that controversy over China's economic reform programme may have reached a decisive point and that further economic liberalisation may be delayed. Premier Li Peng, a more con-servative reformer, appears to have assumed the leading eco-nomic policy role in China, judging by the publicity accorded him in recent days. Zhao, who is also senior

vice-chairman of the key Military Commission, was not listed to meet Mr Frank Carlucci, the visiting US Defence Secretary, who is currently in briefing President Gustav Husak of Czechoslovakia on China's reform policies during his recent visit to China. Mr Husak instead met Premier I.i. who favours caution and stability.

and stability.
In his talks with Mr Carlicci, Li was reported to have denied that recent Chinese economic reforms had been curtailed.

However, a meeting of the ruling State Council last week agreed a series of measures slowing economic growth and delaying a long-promised but controversial price reform pro-

Unofficial reports from Peking have also suggested that a recent Politburo meeting decided to give Zhao's eco nomic responsibilities to Li and Yao Yilin, first vice-pre-

mier, also a cautious reformer. It is well known in Peking that the leadership is divided over the speed at which China should overhaul its hitherto tightly controlled system of

The cautious reformers within the leading group, headed by Li Peng, fear a political backlash as people feel the impact of higher prices and commodity shortages.

Already Zhao's push to introduce free market measures have led to widespread panic buying in large cities, hoarding and a run on banks in Shang-

Last week's State Council decisions, widely interpreted as a rebuke to Zhao, were seen as an attempt to dampen expecta-tions and allay growing con-



Zhao Ziyang: push to introduce free market measures

Stoltenberg predicts greater momentum as growth forecast raised

By David Marsh in Bonn

THE WEST GERMAN economy, expected to grow by more than the expected 3 per cent this year, is heading with increased momentum towards a seventh successive year of upturn in 1989, Mr Gerhard Stoltenberg, the Finance Minister, told parliament yesterday.
Official figures published
yesterday meanwhile showed

that West Germany's gross national product (GNP) rose a real 3.9 per cent in the first half of 1988 over the depressed first six months of 1987. The economy, however, flattened out in the second quarter with seasonally adjusted figures showing no change in GNP between April and June after a first quarter spurt in which GNP rose 1.5 per cent.
Domestic demand fell by 0.5 per cent in the second quarter after a 2 per cent first quarter rise, other figures showed.

internal demand were becom-Opening a four-day Bundes-tag debate on the 1969 budget at the start of the autumn par-liamentary session, Mr Stolien-berg paid tribute to international monetary co-operation which had curbed the weak-

West Germany

0.5 DOMESTIC DEMAND % Q387 Q487 Q188 Q288

man growth, was also plainly buoyed by Monday's sudden resignation of the opposition's finance policy spokesman, Mr Hans Apel, who served as Finance Minister in a Social Democratic Party (SPD) Gov-

Mr Apel, a distinctive parliatory has often discomfited Mr Stoltenberg, was due to have opened the debate for the oppoition yesterday, but retired to the back benches after he was voted off the party's governing

Mr Apel's place was taken at the last moment by Mr Helmut Wieczcrek, a little-known SPD deputy. Replying to the Finance Minister, he accused Mr Stoltenberg of breaking

promises to put the budget on a sound footing and bring

down unemployment.

Declaring that the SPD's oftbroadcast pessimism over the
economy had been shown as
unjustified, Mr Stoltenberg
said higher tax revenues
caused by greater than expected growth this year would be
used to cut government borrowing.

He presented a 1989 budget-details of which were already decided by the cabinet on July 7-showing a 4.6 per cent rise in central government spend-ing to DM288bn (\$155.6bn), with the deficit planned to be lowered to DM32bn above all as a result of a DM8bn increase in consumer taxes.

In the aftermath of last Octo-ber's stock market crash, the Government in January forecast GNP growth for 1988 of only 15 to 2 per cent.

The projection was widely regarded at the time as over-optimistic, but has now been superseded by the latest 3 per cent forecast. More buoyant tax revenues for 1988, DM1.5bn up from previous predictions, will reduce the 1988 budget def-icit to DM37.7bn, against DM39.2bn when Mr Stoltenberg put his figures before the cabinet in July.
The Finance Minister said

the 1988 deficit, well above the DM29.5bn planned at the end of last year, was still too high.

allegations emerge in Japan

By Stefan Wagstyl in Tokyo

PRESH allegations of bribery have emerged in a Japanese stock market scandal involving aides to top politicians. The new charges could further complicate attempts by Mr Noboru Takeshita, the Prime Minister, to implement a comprehensive tax reform, which has been stalled in the Diet

has been stalled in the Diet (Parliament) for over a month. The latest twist in the affair was played out on television on Monday night as millions of viewers watched a secretly filmed meeting between Mr Yanosuke Narazaki, an opposition Diet member, and an executive of Recruit Cosmos, the company at the centre of the scandal.

The television cameras. The television cameras, planted with Mr Narazaki's knowledge, recorded a conver-sation in which Mr Hiroshi Matsubara, of Recruit Cosmos,

referred to a previous meeting in which he had allegedly offered Mr Narazaki a box of cakes and Y5m (\$36,000) in "It's just a souvenir," Mr

Matsubara said in the record-Mr Maisubara resigned just before the recording was tele-The Justice Ministry said yesterday that it would probe the bribery allegation as if Mr Narazaki brought the case.

HIT BY PROPERTY PROBLEMS?

Mr Navazaki, a member of the small Social Democratic Federation party, has been one of the Diet members most Continued on Page 20

New bribery US-Japan chip agreement may be abolished

By Louise Kehoe in San Francisco

THE CONTROVERSIAL 1986 US-Japanese semiconductor trade agreement may be prematurely scrapped, or drasti-cally reshaped, as a result of pressure from US electronics and computer manufacturers.

The agreement, the subject of continuing tension between the US, Japan and the European Community since it was signed, has recently caused a major rift between US chip purchasers and producers who have previously been united in their support of the agreement. US electronics and computer makers, which are heavily dependent upon Japanese sup-pliers of key memory chip components, charge that the agreement has exacerbated a serious shortage of memory chips and

rise in memory chip prices over the past two years. Under the accord, Japan agreed to implement a price monitoring system designed to ensure an end to alleged dumping of memory chips below cost. The US simultaneously began fixing "fair market value" prices, based on produc-tion costs, for Japanese mem-

has contributed to a dramatic

ory chips sold in the US.

The US chip buyers want an end to government interference in the memory chip market and are seeking a major review by the Commerce Department of the trade pact. They also call for immediate consultations between the US and Japanese governments.

The buyers are confident they will receive a sympathetic hearing in Washington. They note that the State Department is already critical of the semi-conductor pact and that other departments of the Administra tion are believed to be review-ing its economic impact.

US semiconductor producers. who were closely involved in shaping the trade pact, oppose moves to reshape it and maintain that technology and economic factors, rather than the pact, are to blame for current memory chip supply problems.

Chip producers want the five-year agreement to run its course so that they can win the

benefits of Japan's promise to open its semiconductor market to foreign suppliers. To date, however, there has been little progress on this point.

The industry split is threatening to influence trade relations between the US and

At semiconductor trade talks last week in Hawaii, Japanes unco-operative," according to US observers. Chief executives represent-

ing both groups will meet in California tomorrow for an extraordinary industry "summit" in an attempt to reach a

compromise.

Representation at the meeting is expected to include AT&T, Hewlett-Packard, Uni-

Continued on Page 20

IMF lifts estimates for growth in industrialised countries

THE RECENT strength of the world economy has prompted the International Monetary Fund to revise upwards its estimate of economic growth in the industrialised countries this year by a full percentage point, writes AP-Dow Jones from Paris.

The forecast comes in a draft of the fund's latest semi-annual World Economic Outlook, a copy of which was obtained in advance of its release.

anvance of its release.

The estimate for growth is now 3.8 per cent for 1968, compared with the 2.8 per cent increase projected in its April report. The rapid pace of the current expansion is expected to moderate in 1989 to 2.8 per

cent, slightly up from the April estimate of 2.6 per cent.

Boosted by unexpectedly robust output and demand growth, the US economy is expected to set the pattern for the other industrialised countries with a rise of 3.9 per cent in 1988 – the strongest rise since: 1984 – following last year's 3.4 per cent growth. This is expected to fall to 2.7 per cent in 1989. But the report warns that the recent surge of export demand "has brought the US economy very close to the point at which an acceleration of inflation is a significant dan-ger." To reduce this risk "it is, essential that the growth of domestic demand in the US be

curbed," preferably by cutting the fiscal deficit. Growth in the other major industrial nations will also be buoyant this year, the IMF says. Japan's real GNP is expected to expand by 5.8 per cent in 1968, slowing to 4.2 per cent in 1968. cent in 1989.

For West Germany, the IMF anticipates a relatively modest real growth rate of 23 per cent for 1988, easing to 1.8 per cent in 1989. Recent official and private forecasts in Germany appear to indicate that this is on the low side. Britain's real on the low side. Britain's real
GNP is likely to grow by 3.2
per cent in 1988, slowing to a
22 per cent rate in 1989.
The IMF says that in view of later this month.

the prevailing moderation in wage and price increases, it is not projecting any significant increase in inflation. It cautions, however, that there are a number of "warning signals"

that cannot be ignored.

The report remarks that central banks have responded with a cautious tightening of their monetary policies. "Such a reaction is welcome in that it diminishes the risks of a more diminishes the risks of a more substantial and disruptive adjustment later," it observes. For the US, the report projects that the current account deficit will narrow only marginally in 1968 to \$134.7hn in 1969 from 1968's \$138.6bn gap.

Japan's current account sur plus is expected to widen to \$81.8bn next year from \$78.1bn in 1988. Germany's current account surplus should narrow to \$38.6bn in 1989 from \$42.2bn

Portugais Burnt-out Lisbon teaches a brutal

Managements R&D spending by Europe's big four chemical companies ______13

Editorial comments Against credit controls;

Airline accidents: How standards can be lifted

Perm Lima waits for austerity to bite ...

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CONTENTS MARKETS STOCK MIDICES

INTEREST RATES. US Lunchtime 3-mth Treasury Bills; yield: 7.48% (7.423) Long Bond: 1005

rield: 9.06% (9.043)

New York luncht \$1.7025 (1.665) S&P Com FT-6E 100 DOLLAR New York lu 122.04 (Mon) FF16.2790 (6.2965 27,320.61 (-21.07) Y135.075 (135.9) OM1,8420 (1.855)

New York hands Dow Jones Ind. Av.

1481.8 (-5.4) Brent 15-day (Artus) Divisions surface in Iran after PM's offer to resign Iranian Prime Minister Mir Husseln Mousavi's resignation offer may well be a tactical

move to challenge the

policies of the pragmatic factions. He may well be hoping that as in 1985 Ayatollah Khomeini (left) will inter-

Scientific research: Britain in search of Lexa Germany; Sedgwick; Bowater; IMI ... Raw Materials ... -Wall Street -London Link Trusts

2,000.81 (+6.22) \$1,7035 (1.696) DM3.1375 (3.1275) FFr10.6900 (10.8475) SFr2.6475 (2.6325) 265.26 (+0.78) Y230,50 (229,25) 1,760.0 (+3.5)

vene in his favour

Hard choices for Israel

\$13.425 (-0.425) (Sept) West Tex Crude \$14.375 (-0.58) (Oct)

FFr6.275 (6.135)

SFr1:5635 (1.562) Y133.3 (196.0)

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close 121, % (121₂) - \$434.85 (427.75)

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Hesse state

in talks to

THE QUESTION of West

THE QUESTION of West Germany's overcrowded air-space took concrete form this week after reports of talks between the Hesse state gov-ernment and the US military over a possible purchase of the US Rhine: Main airbase adja-

strators. The Hesse government,

which owns the airport, has denied reports that it has been negotiating to buy the US facility for DM231m (£74m). The sale rumour is "without emy basis", according to Mr Walter

Wallmann, the state'e prime

A full-scale sale seems

simost inconceivable from the US point of view, as the base acts as a key transport centre for the US military around the

world: However, reports have said the US facility would be

transfered to Ramstein.

More likely is that general discussions have been held

about greater civilian use of the facility in order to reduce congestion at the sirport. Mr

Gottfried Milde, the Hesse inte-rior minister, confirmed that

there had been discussions between the two sides.

One possibility is for a reorganisation of the US facility in

order to release more space

and runway capacity for commercial use at the airport.
According to Mr Alfred Schmidt, the Hesse transport

minister, discussions have

taken place on allowing civil-ian use of some 20 per cent of

buy US

airbase'

By Haig Simonian

Greece moves to speed progress on **EC** merger rules

Brussels is asking for a maximum of three months in

which to give the green light to mergers that do not appear to break competition rules, down from four months previously. If

Brussels does not plan to open a formal inquiry into such deals, it would give a definite all-clear a month after being

Under the old proposals,

companies were to assume they had received clearance only if they had not heard from Brussels after two months.

The draft sets an unchanged eix-month deadline for deci-

sions on mergers which appear at the outset to break EC com-

petition rules or need special

exemption from anti-trust restrictions.

However, the changes are thought to leave undiminished

the British Government's con-

cern about possible confusion and inconsistency between

ings on whether takeovers

should be allowed or blocked

Officially, the UK is the only memher state blocking the plan. Employers organisations have also voiced doubts about

its practicality, though they

accept the principle.

Athens has scheduled a second experts' debate on mergers

today, with two next week, in an attempt to extract progress on the issue from a ministerial

meeting on the EC internal market on September 29.

added tax receipts and to an

increase in corporation tax payments, could leave France

with a central government deficit of only FFr100bn this year, compared with the FFr115bn forecast in the budget.

Mr Balladur's figures, bow-

ever, could make it more diffi-

cult for the Rocard government to argue that its budget for

1989, due to be presented later this month, maintains a pru-dent fiscal policy, reducing the

deficit and limiting the rise in government spending to less than the growth in nominal

gross domestic product.

nission and national rul-

COMPETITION experts at the 25 per cent to 20 per cent. European Commission have redrafted controversial plans for an EC-wide merger control unblock a 15-year deadlock over the scheme.

The Greek Government, currently EC president, yesterday called a meeting of member states' officials for a first discussion of the changes. These would make the proposed rules apply to fewer companies than in earlier versions and produce faster decisions from Brussels on individual mergers.

It was the first stage of a Greek diplomatic pusb for progress on the scheme, driven by eagerness to dispel suggestions that the internal market would take a back seat to social policy in its presidency

The merger scheme - of which this is the third version this year - would give Brus-sels the right to vet in advance any corporate link-up with a combined turnover of Ecu Ibn (£660m) or more likely to affect EC competition. That could affect more than 200 deals annually, experts estimate. At present, EC competition rules give Brussels a say only after the event, though the Commission has used legal loopholes to intervene with increasing force at all stages of bids

The main change unveiled yesterday is to cut the EC market share at which mergers must obtain EC clearance from

By George Graham in Paris

THE STRONG growth of the

French economy has provided a substantial boost to tax

receipts and left the new

Socialist Government of Mr Michel Rocard with more room

than expected to increase

spending.
In the first six months of the

year gross tax receipts were no by 7.4 per cent from the same period of 1987 to FFr661bn

(£62bn), more than twice the

forecast increase in the official

budget for 1988 of 3.5 per cent. Mr Edouard Balladur, the

former Finance Minister now in opposition, claimed yester-

Rising tax receipts give

day that on the basis of The former minister said receipts up to the end of July that VAT receipts up to the

Dutch Defence Minister

quits over passport affair

France more to spend

Paris plans for Channel tunnel passengers

By Paul Betts in Paris

THE FRENCH state railways system SNCF is planning to spend FFr1.7bn (£160m) to modernise and adapt the Gare du Nord in Paris for the high-speed trains which will link the French capital to Lon-don through the Channel tun-

The SNCF said yesterday that renovation of the famous station, which for more than a century has been the Paris gateway to Britain and the rest of northern Europe, was expec-ted to start next year. The work should be completed by

1993 when the tunnel opens. The modernisation of the station will include extending all the platforms, a new pas senger terminal and maintenance facilities, and the regrouping of all suburban rail eervices in one underground

The Government has already approved plans to construct a high-speed network known as the TGV Nord linking Paris to London and Brussels and even tually extending to Cologne and Amsterdam. The cost is estimated at more than FFr 18bn excluding the rolling

The SNCF says high-speed trains could eventually link Paris and London in under three hours if the UK agrees to upgrade or build new railway lines between Waterloo and the British end of the tunnel.

So far, however, Britain is proposing to spend only £550m on upgrading lines and build-ing a new passenger terminal at Waterloo. In an effort to accelerate the construction of a acceptate the construction of a fast rail link on the British side of the Channel, the Eurotunnel consortium appears ready to collaborate on the project which could involve some form of private financing.

The SNCF expects more than on high-speed rail services between Paris, London and Brussels. The initial Train à Grande Vitesse (TGV) network will link Paris to Lille where one branch will go to Calais and another to Brussels.

However, the SNCF has been facing difficulties over its proposed TGV Nord route because of vigorous local campaigning to have the line go through the city of Amiens. The Belgian railways are facing similar problems over the proposed route to Brussels.

Friend of **Brezhnev** 'corrupt'

FORMER Soviet Interior Minister Nikolai Shcholokov, a close friend of the late premier Leonid Brezhnev, was posthumously accused in court yesterday of taking jewels, clothing, delicacies and huge sums of money in bribes, Reuter-counts from Moscow.

heard the accusations on the second day of the trial of Mr Yuri Churbanov, Mr Brezh-nev's son-in-law and first dep-uty interior minister under Mr

two years after he was sacked.

Tass said the indictment being read in court linked Mr Shcholokov with a former interior minister of Uzbekistan, Mr Kudrat Ergashev, and his dep-uty, both reported to have com-mitted suicide in prison. As interior minister, Mr

1966-82. He was a childhood friend of Mr Brezhnev. Mr Shcholokov was sacked by Kremlin leader Mr Yuri Andropov soon after Mr Brezh-nev's death in 1982. Like Mr Churbanov, who

was first deputy interior minister from 1980-84, Mr Shcholo-kov's links with Mr Brezhnev make him a powerful symbol of the era of decay Mr Gorbachev wants to redress.

SURPRISE WELCOME FOR FORMATION OF DEMOCRATIC FORUM

Official praise for Hungarian opposition

A GROUP of prominent Hungarian dissidents has transformed a loose opposition group, committed to reform of the Communist system, into a formal movement with statutes and a charter. To the surprise of its members, the move has been welcomed by the Budapest leadership.
The Hungarian Democratic

Forum (HDF) formally consti-tuted itself last weekend at a meeting of more than 350 dele-gates in the village of Lakite-lek in southern Hungary, where it was founded a year

In January, the Democratic Forum proposed a sweeping reform of Hungarian political life, including a new electoral law, a bill of rights, the creation of a constitutional court,

At first the authorities argely tried to ignore the dissi-dents, although they were addressed by a reform-minded establishment politician, Mr Imre Pozsgay. But last April the Communist party leader-

ship expelled four prominent members who participated in the Democratic Forum'e activi-

The HDF'e organisers reacted by saying the move showed that a consensus between the party and society was "impossible". But Hun-gary's new government spokes-man, Mr Gyorgy Marosan, approved the setting-up of the Democratic Forum as a formal movement and called it a "wel-

come development", in an

and a thorough reform of Par- interview with Hungarian The authorities are more

favourably disposed toward the Democratic Forum than they are to the seemingly more radical Network of Free Initiatives formed last May as an umbrella organisation of dissidents, environmentalists, and others in opposition. Some Budapest intellectnals Budapest intellectnals snggested the authorities hoped to be able eventually to co-opt the more populist ori-ented Democratic Forum.
Hungarian radio noted that
HDF was in favour of a
multi-party system and aimed
to propose candidates for
national, regional and local

elections. A founding member of HDF, the writer, Mr Sandor

organisation did not intend under present conditions to become a political party. Its new statutes defined it as a "political-intellectual move-ment and an independent

ment and an independent social organisation."

The authorities' approval of HDF is in large part the result of the influence of Mr Pussgay, who last May rose to become a member of the ruling polithuro at a party conference which saw the forced resignation of the party leader, Mr Janos Kadar.

cent to Frankfurt alroade ang-cent to Frankfurt alroad.

The airport, which is the big-gest in West Germany and sec-ond only to London's Heath-row in Europe, has ambitious expansion plans for the 1990s and beyond. However, space is His successor, Mr Karoly Gross, although a conservative by reputation, forged an alliance with Mr Pozsgay to win over Hungarian intellectuals, who were deeply suspicious of Mr Gross's referming credent. severely limited.

Developing the "Startbahn West", the West runway, in the Mr Grosz's reformist credenlate 1970s became a cause celehre for conservationists. Protests continued until as

Swedes pay price of animal rights recently as last November, when two policeman were killed in a clash with demon-

Sara Webb, in Stockholm, on the impact of farm legislation

Swedish politicians know better than to annoy Mrs Astrid Lindgren, the chil-dren's author who penned the story of Pippi Longstocking and who once painted an unflattering picture of Swe-den's Social Democrats by poking fun at the bureaucrais and absurd tax rules in a withering and widely read short story.

So when Mrs Lindgren, a farmer's daughter, started to kick up a fuss about the conditions under which farm ani-mals are kept, the Government-paid attention.

Mr Ingvar Carlsson, the Prime Minister, announced on Mrs Lindgren's birthday that a law would be passed ensuring that farm and fur animals were treated as humanely as possi-

"We suggested changes in the Animal Protection law four years ago, but it was only when Mrs Lindgren started to make a noise about this that the Government did anything," said a disgruntled member of the National Board of Agricul-

into effect in July, calls pri-marily for the abolition of battery hen farming over the next 10 years, and states that cows, pigs and animals raised for their furs must be kept "in as natural an environment as pos-

It will mean higher costs in the short term for farmers when it comes to building larger and more comfortable pens. These costs will probably

THE BANK of Finland has said

it will lower the base rate by

0.5 percentiage points to 7.5 percent from January 1 on condition that the unions abide by a

"stabilisation agreement" on

advance announcement is

wages which was signed two
weeks ago.

According to Mr Rolf Kullberg, the central bank governor, the unprecedented measurement.

aimed at helping to ensure income next year through tax acceptance of the agreement, concessions and a nominal

be passed on to the consumer.
Although the state subsidises milk (and meat for farmers who live in the harsh northern part of Sweden), the Agriculture Ministry says that it has no plans to subsidise the costs of more humane living conditions, although it will dis-cuss the issue with the farmers during annual Government

tions more pleasant.

that the others are in dire need. of education as "their interest in animal protection is not

Agriculture officials say that Agriculture omicials say that the extra production costs should pay off in the end as farmers raise healthier, less-stressed animals. "It should be more profitable for them. Fur farmers will see the benefits, because they will get a better price for their pelts" says Mr Roland Zetterholm, a district vet who has worked on the new legislation

Mink and fox fur farming in Sweden brought in revenues of SKr450m during 1986-87. Sweden produced 2m mink pelts ont of a world total of 33.3m in 1986 and 70,000 fox pelts out of a world total of 5.3m. In the north of Sweden, where unemployment runs at above aver age levels, some fur farmers receive state support in starting up farms, though oth-erwise the farmers receive no

ithough the new law states that animals should be kept in as-natural an environment as posnatural an environment as possible, the regulations applying to fur farming seem weak. At present, foxes are often kept in cages 60cm by 60cm raised a metre off the ground with netting on all sides, no shelter and no limits on the number of animals are care.

mals per cage. Over the next five years, fur farmers will have to change to

The most important change in the law concerns battery hens. At present almost all
hens are kept in battery cages,
but over the next ten years the
Government has said these
must be replaced with a more
humane system.

research project at
Uppsala University is
trudying whether hens

studying whether hens should be kept in large barns where they can move around freely, but where the risk of spreading increases. In the shortterm, the law calls for a reduction in the number of hens

kept in a battery cage.

The new law also stipulates that cows must be kept outside during the summer and that pigs should be able to move around freely in their pens instead of being tethered.

About 85 per cent of milk cows already are kept outdoors

cows already are kept outdoors during the summer. However, some farmers (especially those with large herds) argue that this regulation will make it very time-consuming when it comes to moving herds around every day and that they would prefer to use their land for crops rather than grazing.

Furthermore, it looks as if Furthermore, it looks as if

some farmers will receive dis-pensation allowing them to keep their cows indoors all year round if they live in the north where insects create spe-cial problems for the animals during the summer months. It may, after all, take more than this to please Mrs Lind-

Byelorussians turn out for **Polish Primate**

the US base.

By Christopher Bobinski in

THOUSANDS OF people in the western Soviet city of Grodno are reported to have greated Cardinal Josef Glemp, head of the Polish Catholic church, on Monday at the start of an unprecedented three-day pasto-ral visit to the Soviet republic of Byelorussia.

Slawo Powszecne, a Polish Catholic newspaper, reported that groups of people knelt by the roadside as the cardinal drove the 20km from the Pol-ish-Soviet border to Grodno, where more than 15,000 people

attended a service.

In the city itself, it reported that people lined the streets to see the cardinal. The Russian Orthodox Metropolitan Filaret of Minsk is acting as host to Cardinal Glemp who also prayed in an Orthodox church to underline the ecumenical character of his visit.

Pope John Paul has made no secret of his desire to visit the area and the popular response to Cardinal Glemp provides a foretaste of what a papel visit would involve for the Soviet

Greek baby food protest

GREEK manufacturers of baby foods are protesting to the European Commission following a government decision to ban the sale of infant milk by supermarkets in favour of exclusive distribution by pharmacies, writes Andriana Iero-diaconou in Athens.

The Association of Infant Food Enterprises of Greece says the move violates the principle of free movement of goods within the EC by making distribution more expensive and difficult.

The association says Greek infant milk hills would rise by at least 15 per cent as pharmacies seek to ensure adequate profit margins. Low margins could discourage pharmacies from carrying intant milk, gen-erating shortages, it adds.

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By Laura Raun in Amsterdam THE Anglo-Saxons have sex Mr Jakoh de Hoop Scheffer, scandals, and in hotter counambassador to Nato and a career diplomat. Mr van Eekelen, 57, had

tries, public servants are regu-larly accused of spectacular misappropriation of taxpayers'

in the cool, sober Netberlands, the Defence Minister, Mr Wim van Eckelon, has just resigned because he was accused of bungling the issue of a new passport. His action apparently beaded off a potential government crisis. He had been criticised dur-

ing a parliamentary inquiry for taking "insufficient care" to ensure that the new Dutch passport was affordable in price and immune to fraud. The accusation referred to his performance in his former post as State Secretary for Foreign

In an emotional but not unexpected statement to Par-liament yesterday, Mr van Eekelen admitted he had failed to convince his "political friends" that he had managed the project responsibly. Most widely tipped as a successor is

served as Defence Minister for two years. A member of the Liberal party which shares power with the Christian Dem-ocrats, he bas long been viewed as a rather prosaic pub-lic servant, and critics have wanted his head for some time.

The "passport affair", despite the seriousness of its implications, has taken on some aspects of a comic opera. There can be few other countries where problems over the issue

of a passport would cost a min-ister his job. But Mr van Eekelen's resignation over such a trivial issue reflects the political fatigue afflicting the coalition govern-ment, which has soldiered on

for seven years.

Recently, Mr Ruud Lubbers,
the normally resilient Prime Minister, engaged in a bitter slanging match with the parliamentary whip of the Liberal

tax revenues for the whole of end of July were already more 1988 would be around FFr40bn end of July were already more than FFr10bn over budget, as over budget.

Finance ministry officials tax. He accused the Government of financing its policies from the fruits of the reforms to the fruits of the reforms.

reports from Moscow.
The Soviet Supreme Court

Mr Shcholokov reportedly shot himself in December 1984,

Sbcholokov commanded the entire Soviet police force from

talks on food prices next Feb-ruary or March. The state pays about SKr2bn (\$312m) a year in milk subsi-dies to farmers, reducing the price of a litre of milk by about 25 per cent. Although milk sub-sidies were introduced in the 1970s to keep consumer prices down, they are gradually being

down, they are gradually being whittled down.

"It was necessary to introduce this new law, and we recognised there was a lot of pressure from consumers to do so," says Mrs Madeleine Wahlsted, first secretary at the Agriculture Ministry.

Nevertheless, critics main-

Nevertheless, critics main-tain that the timetable for introducing changes should be brought much further forward and that more changes could be made to make living condi-

It is also recognised that drastic improvements are needed in "policing" by local authorities to make sure farmers stick to the rules - one official at the National Board of Agriculture said that only a third of Sweden's local health and environment authorities do a good job in supervising animal living conditions and

which was designed to curb

The rate of increase in con-

rapidly accelerating inflation.

sumer prices is expected to rise from 3.7 per cent in 1987 to 6.5 per cent by the end of this

The Finnish Government and the central labour organi-

sations agreed to a package of measures which would provide

a 2.5 per cent increase in real

bigger cages of at least 1m by 1m and provide boxes for shel-

wage increase of 1 per cent. The two sides also agreed to

yesterday will probably be an acceptable signal for the labour

markets. The announcement

still comes as a surprise since

the highly independent central bank traditionally refuses to

speculate on its future moves.

To keep its options open, the Bank of Finland released the promise with various qualifica-

call for lower interest rates. The bank's announcement

Bank offers Finnish unions base rate cut

tions. It requires that labour market adopt the stabilisation agreement "in all essential aspects". This amounts to a warning that individual unions should refrain from bargaining

for excessive wage increases next spring.

Mr Kullberg also said that the central bank will reserve the possibility to reverse the level of the base rate "should the imbalances of the economy

Rivalries split Spain's conservatives

PREPARING FOR THEIR party congrese yesterday, Spain's Alianza Popular conservatives looked the picture of disunity as key party stalwarts pointedly ignored leader Mr Antonio Hernandez Mancha's summons to bury personal rivalries and to present a united front to the governing

The absenteeism at a top level policy planning meeting brought inner-party bickering into an embarrassingly public limelight and highlighted the very divisions within the Alianza leadership which Mr

Hernandez Mancha had wished to at least paper over. Mr Jose Maria Aznar, an ambitious young lawyer who has established a solid political base in northern Castile where be is the chief minister of the regional government, said he was too busy touring the area's outlying villages to attend the discussions at the party'e head-quarters in Madrid.

Another notable non-at-tender, the highly respected parliamentarian Mr Miguel Herrero who is Alianza's chief foreign policy spokesman, delivered an even greater snub

by falling to give an excuse for not turning up.

The purpose of the meeting was to agree the main policy motions due to be presented at the party congress in January, the last one the conservative party will, in all probability, hold before the general elec-

Mr Hernandez Mancha had hoped that Mr Aznar would open that Mr Aznar would open the debate on regional policy and that Mr Herrero would eteer through the motion on foreign policy. The snubs pointed towards a very different debate in the

coming months – whether Mr Hernandez Mancha, who took over from Alianza's founder, Mr Manuel Fraga, two years ago, will continue to lead the party for very much longer. One conservative politician who appears to be waiting in the wings is Mr Abel Matutes, a member of the European Commission.

Commission.

Mr Matutes, who has spoken often recently about the need to restore party unity and to create a strong leadership, did-turn up to the meeting and agreed to draw up the party'e economic policy motion.

Burnt-out heart of Lisbon teaches brutal lesson of neglect

Diana Smith reports on the painful aftermath of the fire that destroyed the historic centre of Portugal's capital O the Portuguese, With them went family busirecreated with safer buildings and careful control of architec-tural quality. Architects are an ontpouring of solidarity. business contributions was

Chiado conjured up the same luxurious image as old Bond Street did to the

It meant hilly narrow streets and fine shops, some of which dated back to the 17th century, the fragrance of real leather, a rustle of silk or taffeta as a draper spread fabrics over a counter for a customer, slightly fusty old cases beloved by writers and artists, young blades or old roues, where a sense of sharing a table with the ghosts of Portugal's cultural past meant more than

Even the arrival of noisy, trendy boutiques did not detract from the area's quirky

But on August 25 the old sbops that epitomised the Chiado's history vanished in a sheet of flame.

department store, to its neighbours. It raged over six streets, destroying 17 hulidings and 50 businessee before 1,000 exhausted firemen could halt

Losses are variously assessed at Es40bn (£165m) and Es70bn. Little more than Es4bn will be paid out by insurance companies to woefully-underin-

sured establishments.

The fire has prodded Portuguese businesses to take out proper insurance: insurance companies report a flood of urgent requests for coverage. Burned-out, rubble-flanked façades are a visible reproach for the neglect — establish-ments' failure to comply with



Portugal

fire laws and the authorities' failure to chase up non-compliers - that led to such devasta-

The Chiado's old wood and

inflammable materials (includ-ing illegal fuel stores) were firetraps (but not the only unprotected establishments in the country: the Federation of Shop Employees' Unions now reports that, of tens of thousands of shops and stores, a mere 100 have asked for fire department inspection of tighter fire safety now demanded by law, and pre-cisely 25 have applied for fire

safety certificates).

The dust has not yet settled from the tornado of recrimination howling around Lisbon. The Shopkeepers' Association put it in a nutsbell: We are all guilty of neglect
In the wake of a tornado of

mutual recrimination comes a healthier struggle to rebuild the *Chiado* and restart shattered businesses. The drive to reconstruct and stucco buildings crammed with rehabilitate has been fuelled by

cash and pledges of aid from institutions and individuals. From the Council of Europe, Unesco, the EC Commission in Brussels and the European Investment Bank in Luxembourg have come funds or offers of funds totalling over \$5m so far. The Anihal Cavaco Silva government has opened emergency credit lines to help businesses get restarted and has assisted with temporary premises and rehousing until Chiado shops are rebuilt and permanent lodgings found for

> Local businesses and banks have pumped money into a special fire relief account opened by the Lisbon Municipality at the Caixa Geral de Depositos, the national savings bank, and television and press appeals have been made. About \$500,000 in personal and

deposited in the first three days.

The fire welded officialdom

and the public with a rare sense of a brutal lesson, deeply damaging to national pride, painfully learned.

Fears that the Chiado could fall into the hands of wildest development between the chiado could fall into the hands of wildest development between the chiado could fall into the hands of wildest development between the chiado could fall into the hands of wildest development between the chiado could fall into the hands of wildest development between the chiado could fall into the hands of wildest development between the chiado could fall into the chiado could fall into the hands of wildest development between the chiado could fall into the chiado could fal developers have added a cutting edge to emergency debates on the future look of the area, between the central govern-ment, architects' associations, the Institute of National Heritage and the municipality, whose feisty mayor, Mr Nuno Abecassis, often comes in for

virulent public criticism for allowing architecturally-inferesting or historic buildings to be torn down and replaced by bleak office blocks or garish

the public and officials take stock of a city that, in the last decade, has become rather like an unkempt, unbalanced old an unkempt, unbalanced old woman suffering from sores and bad circulation — a deaf-eningly noisy place choked by anarchic traffic and parking, houses collapsing from neglect every week or so, dirty streets and pollution-infected air and pollution-infested air, pavements and roads pitted

pushing for a coherent master Chiado plan. The fire has at least made

with holes, a once-scrubbed capital city that had begun to look as if no one loved it any The Chiado fire reminded clear office blocks or garish people how much they had shopping centres.

The majority wants the and how little energy they had chiado's old appearance to be

struggle, linked to General Ne Win, the former president, by a Win, the torner presumant, by a 47-year-old blood eath, yester-day publicly abandoned him to side with an uprising against the system he created, Reuter

Bo Ye Htut and eight other survivors of the "30 Comrades" army and wrested indepen-dence from Britain called on soldiers to back the uprising. which is demanding the resignation of the socialist government and the founding of a multi-party democracy. "This must shock Na Win because they abandoned him

right then and there," said Win Htain, an aide to General Tin Oo, an opposition leader who joined the ageing veterans at a raily of 3,000 people at a Buddhist pagoda in Rangoon.

Gen Ne Win and the 30 Comrades were led by Aung San, venerated hero of resistance

against British colonial rule.

Military loyalty, focused on Gen Ne Win, has been cructal founded the army to support to the survival of the ruling the people, not a single party."

Burma Socialist Programme Party, which took power in Burma after a 1982 coup. But opposition leaders and Western diplomats said yesterday the

win Htain said he knew 17
officers from the 77th Light
Infantry Division who had deserted, and added hundreds more would "join the people's side" once they were sure their families would not suffer.

Gen Ne Win, who gave up the chairmanship of the ruling party in July after months of bloody protast, is widely believed to continue to be the real boss of the party.

The repudiation of the sys-tem Gen Na Win built, "The Burmese Road to Socialism", came from comrades in arms who drank blood with him to late 1941 to seal an oath to "Always Unite, Whatever the Cause".

determining military support," Win Htain said. Bo Ye Htut told the rally: "Aung San

Jordan's disengagement from its former territories.

ber Knesset that the switch of

Likud in narrow lead as election campaign starts

THE CAMPAIGN for this Strip and part of the West November's general election in Israel – one of the most cru- East Jerusalem. cial in the country's history began in earnest this week, with the right-wing blocheaded by Prime Minister Yit zhak Shamir's Likud Party holding a narrow lead in opin-

Unlike previous elections, usually forced over relatively minor domestic issues, at the heart of this campaign are the twin issues of peace and secu-rity. The nine-month-long Palestinian intifuda (uprising) has

Kicking off Labour's campaign at a big rally in Tel Aviv on Monday night, Foreign Minister Shimon Peres, the party's. Both the leading par-leader, vowed that a Labour-led government would make a led government would make a resolution of the Palestinian grand coalition govarn-question its first priority. He said Labour would be prepared woo the floating voter.

OFUSCIE

h Frank

a full amnesty yesterday to all Iraqi Kurds inside and outside

The decree said the Government would release all detain-

It specifically excluded from the amnesty Mr Jalal Tala-bani, head of the Patriotic Union of Kurdistan, who met President Hafez al-Assad of Syria on Monday Syria on Monday. It said that Mr Talabani was

excluded from the amnesty, not for treason or for being an agent, but because he had betrayed previous agreements with the government.

north on July 19, the day after its Gulf War enemy Iran accepted a United Nations fire resolution.

About 100,000 Kurdish guer-rillas and civilians have fled across the border into southeast Turkey. "The Revolutionary Com-

mand Council has decided a general and comprehensive general and comprehensive amnesty for all Iraqi Kurds. for any act punishable by the law which occurred before the date of this decree," the ruling said. Under the amnesty, those working or studying abroad who return under the amnesty would be able to leave again. The decree made no mention

ground to make up in terms of convincing public opinion of the credibility, and viability, of its foreign policy on the Arab/ The decree made no mention of other rebel leaders such as Israel dispute. Its central plank – the so-called "Jordanian option" – was rudely kicked away by King Hussein when he recently announced the Kurdish Democratic Party. Political sources said the fact that Talabani was the only leader named indicated Mr Barzani would be included in the amnesty.

So closely matched are the political blocs in the 120-mem-More Kurds fleeing might seek refuge in Turkey, Mr Mesat Yilmaz, Turkey's Foreign Minister said yestertwo or three seats will decide who becomes Prime Minister.

He also revised downwards to 56,377 from 62,937 the number of Kurds who had fied since the Iraqi attack started Editorial Comment, Page 20 in July.

amnesty offer to Iraqi Kurds

BAGHDAD, whose troops have conducted a six-week drive against Kurdish rebels, offered the country, Reuter reports

from Baghdad.
The ruling Revolutionary Command Council, in a decree read over Baghdad television, called on all Iraqi Kurds to return to the country within

ees or imprisoned Kurds except those arrested for non-political reasons.

Iraq launched a major offen-sive against rebel Kurds in the

tive reporting.

The National Herald is one

HE 60,000-strong

Tamil population. So held a court in Kohlenz, West Ger-many, which turned down an UNHCR (United Nations High Commission for Refugees) mis-sion in Colombo. It was impressed on them that reset-thement and rehabilitation of application for asylum by two Sri Lankan Tamil refugees who had argued that they would be victims of persecution and racial discrimination if they were forced to return home. Another 1,500 Tamil refugees, who were to have been repatriated from Switzerland. have won a reprieve until 1989: at least a six-month reprieve. The decision to review the issue early next year follows the visit to Sri Lanka of two

senior officials of the Swiss Justice Ministry. They toured Jaffna, the northern capital, and spent several days in the eastern province, including Trincomalee, the port town. Trincomalee is a sensitive area because it has a mixture of Tamils, Sinhalese and Mos-lems. A Swiss official told me that "conditions were not, repeat not, sufficiently stable" to recommend the proposed repatriation of an initial batch of 1,500. There are just over 5,000 Tamil refugees in Switzer-

Indian peace-keeping

force in north Sri

Lanka adequately pro-

tects the island's minority

A member of the visiting Swiss team said that, besides speaking to government offi-cials, military personnel (both Indian and Sri Lankan) and Tamil citizens committees, they had also consulted the

stressed the need for sufficient infrastructural support, and identified priorities.

A move by the West German authorities to send back 5,000 refugees has also been stalled but for different reasons. West Germany bas about 27,000 Tamil refugees spread throughout the country. It is the largest Tamil refugee group in Europe. The federal authorities

Mervyn Da Silva, in Colombo, on varying attitudes to claims of persecution

Tamil refugees find an ambivalent West

captain dumped 210 asylumsackers into the sea off the Newfoundland coast.

Despite angry Canadian protests to Bonn over the action of a German firm that had charged each asylum-seeker about \$1,000, the Canadian authorities did not deport

Under pressure from church, human rights groups and the

Tamil exodus after the riots of July 1983 changed Sri Lankan history and created problems for European countries. West Germany was the most affected.

refugees would be much easier when the World Bank-sponsored programme for recon-struction of the war-ravaged north and east got under way. In December, a special meet-ing of Sri Lanka's donors, who ng of Sri Lanka s tohors, was usually meet each April in Paris, was convened by the World Bank. Tha donors pledged \$472m, \$100m more than Sri Lanka had expected. Sri Lanka was able to convince the donors that the administrative back-up facilities for such a programme was ready. Two investigative teams sent by the World Bank and the Asian Development Bank (ADB)

had persuaded several thon-sand (reportedly between 4,500 ticket and a modest \$200 each and return home.

The plan ran into legal prob-lems arising from West Germany's constitution which places the subject within the jurisdiction of each state. Every state has the right to have its say. "The possibility of a decision this year is quite slim," said the embassy. The Tamil refugee problem

became an international sensation with the Tamils earning the title of "the new boat peo-ple" when a Hamburg ship's media, the Government granted them sanctuary. The campaign was in fact led by expatriate Tamils who had moved to Canada in the 1950s and 1960s – part of the "third world brain drain." These Tamil professionals, as I dis-covered on a visit to Toronto, Montreal and Ottawa, had established themselves so well in their respective communities that they had influential contacts in opinion-making cir-

The Tamil exodus after the riots of July 1983 changed Sri Lankan history and created many problems for European

countries, with West Germany the most seriously affected.
About 125,000 Tamils from the north fled by ferry to neighbouring Tamil Nadu, the home of 55m Tamils in south India. Some fled across the narrow Palk Straits that separate India and Sri Lanka. Others who could find the money or huy forged Sri Lankan travel documents (generating a small industry in Colombo, Madras and Singapore) opted for more promising, if hazardous, journeys to Western Europe, North America or Australia. Many of

already operating in the west. he Berlin route was the most popular, until the East German Government responded to a desperate appeal by the West Berlin and Bonn authorities.

tacts with organised "rings"

Once Aeroflot or Balkan Airways took him to a destination in Eastern Europe, the refugee would make his way to East Berlin. A "friend" from West Berlin would then come across to East Berlin and escort the refugee by train to transit lodgings in West Berlin and thence to some other part of West Ger-many, probably Hamburg, Munich or Cologne

Indian newspapers strike against tough press law

By David Housego in New Deihi NEWSPAPERS ware closed

across India yesterday in what was seen as an exceptional display of unity by India's press against proposed legislation that would restrict investiga-

Even the conservative and normally pro-government Times of India and Hindustan Times joined the one-day strike which demonstrated the grow-ing isolation of Prime Minister Rajiv Gandhi's administration. The Times of India said in an editorial yesterday it was "highly unlikely that President Venkataraman would have given assent to such a draco-nian measure" - although other observers doubted this

of the few papers which plan to bring out an edition this morning Mr A.N. Dar, its editor, said yesterday: "Wa don't think there is a need for a strike after the Prime Minister set up a ministerial committee" to revise the bill. On Sunday Mr Gandhi announced that the Government would delay presenting the bill to the Upper House of Parliament and would set up a ministerial committee that would consult with journalists'

organisations on amendments. Mr Gandhi's attempt to take the heat out of the unexpected wava of protest has by no means ended his problems because newspapers are believed to have further documents on alleged payoffs to people close to the Prime Miner which they are preparing to disclose.

The last important allegations were made by the States-man and involved claims of commission payments hy a Japanese group to a business friend of an official in the Prime Minister's personal sec-

Mr Girilal Jain, the editor of the Times of India and a long time supporter of the govern-

ments of Mr Gandhi and his mother, Mrs Indira Gandhi, wrote yesterday that the Prime Minister "would have to sacrifice those who have led him into the present mess." There is still no sign that Mr Gandhi is prepared to do this.

What has appalled businessmen with a strong stake in the survival of Mr Gandhi's administration is the ham-fistedness with which the bill was drawn up and pushed through Parlia-

ment - as manifested by the outcry it stirred. One prominent businessman drew attention to the slogans being shouted in Monday's protest march by journalists in Delhi as showing his diminishing authority.

In deciding to move so rapidly with such a such a stiff measure, Mr Gandhi seems to have ignored, or not consulted, his professional press advisers such as Mr Gopi Arora, the government spokesman, and Mr Suman Dubey, responsible

for press affairs in his own Among those helieved to

have encouraged Mr Gandhi towards tougher legislation include Mr Shiv Shankar, Minister for Human Resources Development and Mr P. Chidambaran, Minister of State for Home Affairs. Mr C.R. Irani, managing edi-

tor of the Statesman, yesterday called the Prime Minister's approach to the bill "crude and vulgar" beside the political skill his mother might have Some journalists believe the

Government will try to push ahead with a watered down version of the hill that would make it much riskier for newspapers to publish the type of corruption scandals that have been damaging the Government's popularity.

Others believe that under the cloak of the ministerial committee the government will

Food scarce in Bangladesh capital

THOUSANDS of people in Dhaka scrambled for meagre supplies of fresh food and water yesterday as a rapidly spreading diarrboea epidemic pushed the official death toll in the Bangladesh monsoon floods to 650, Reuter writes from Dbaka. Officials sald about 102,000 people were now ill after drinking contami-nated water or eating rotten food, 30,000 of them in the capital and its snburbs. In the capital, men, women

and children quened up at distribution centres in waist-deep floodwater long before offi cials and volunteers arrived with sacks of rice and containers of drinking water. But many went away emp-ty-handed as supplies soon ran

out, witnesses said. Officials say peopla in country areas are facing far worse conditions. They say at least 25m of Bangladesh's 110m peobe forced to quietly let it drop. | ple have lost their homes.



35,349 vehicles were actually sold in August



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11

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One step ahead, then another

AMERICAN NEWS

Congress agenda may shape White House campaign

CONGRESS reconvenes today to grapple with a legislative agenda which both parties will ek to turn to their advantage in the run-up to the US general elections in November.

Political analysts in Wash-ington doubt whether the debates on Capitol Hill will have a decisive influence on the presidential election how-

Mr James Reichly of the Brookings Institution maintains, for example, that although there appears to be somewhat greater co-ordina-tion between Democrats on Capitol Hill this year and the presidential election campaign staff of Governor Michael Dukakis, the Democratic candidate, members of Congress are as usual most concerned about

So far, Mr Reichly says, there has been no sign of mem-bers of Congress distancing themselves from their party's presidential candidate as happened in 1984 with the Demo-crat Mr Walter Mondale. But he suggests this could begin to happen, particularly in the South, if Mr Dukakis's fortunes

continue to slide.

The Democrats, who control both the House and the Senate, are expected to focus attention on issues which may help to shape the political debate between the two presidential candidates. Mr Norman Orntein, a political analyst at the American Enterprise Institute, suggests that Congressional proposals for federal funding of child care, something both presidential candidates are pressing, will be one such

But he donbts that the debate on Capitol Hill will hava a decisive impact on the election. Rather, he expects the Congressional debate to have a transitory effect on what is happening on the campaign trail, not least because the Congressional session will end: several weeks before the November election, perhaps by October 1, so that members can do their own campaigning.

Child care is only one issue where an echo of the debate on Capitol Hill will be heard in Mr Bush is attacking Mr the campaign. Democrats in Dukakis for "lack of experi-Congress will also seek to ence" in foreign affairs and make political capital out of defence issues.



Senator Edward Kennedy: backing minimum legal wage

proposals to increase the mini-mum legal wage from \$3.35 an hour to \$5.05 over the next four years – priority legislation for organised labour, one of the Democrats' core constituen-

Legislation was approved earlier this year by the Senate Labour and Human Resources committee, headed by Senator Edward Kennedy of Massachussetts. A welfare reform bill is also moving towards pas-sage, with Democrats hoping that they will be able to tailor it to reflect their political prior-

Vice-President George Bush's campaign staff hope that the debate about the defence budget will work to their advantage. President Rea-gan's decision to veto the defence authorisation bill last month, and so, in the eyes of many on Capitol Hill, turn what had been a bi-partisan defence budget into a political football, was seen as designed in part to boost both Mr Bush's and the Republican Party's election prospects.

Television time given to Pinochet's opponents

By Mary Helen Spooner in Santiago

ing air time to opponents of Gen Augusto Pinochet's

A multi-partisan coalition calling for a "no" vote against Gen Pinochet in the October 5 presidential plebiscite was given 15 minutes to present its case on late night television, followed by a similar broadcast prepared by government sup-

Both segments relied heavily on jingles and slick Madison Avenue-style images of families and working people coming together in a common cause. The opposition broad-cast, chaired by a former Chil-

FOR THE first time in 15 years ean television presenter who five years ago was forced from television has begun giving air time to opponents of also included film footage of the country's military commanders arriving at the Defence Ministry last week for the meeting in which Gen Pin-ochet was nominated.

The pro-Government programme included scenes from the socialist government of President Salvador Allende and contrasted the disorderly black and white pictures with images of economic progress.

Santiago'e military gover-nor-general Sergio Badiola said the authorities were considering prohibiting future political rallies within the capital.

US demand pressures slackening

By Anthony Harris in

MEMBER-banks of the Federal Reserve confirm that demand pressures in the US economy are tending to slacken, especially in retailing and the housebuilding industry, and suggest that wage pressures are largely being contained. However, they see continued cost pressures in materials and

Reports from the memberbanks, assembled in what is officially called the Beige Book, but generally known in the markets as the Tan Book, are compiled as part of the briefing for the Federal Open Market Committee, whose next neeting is scheduled for September 20. The forecasts of the Fed's own economists, contained in the

Blue Book, are not published.
The reports show wide differences between the regions not only in economic conditions but in the impact of the drought. Recent rain has brought some real relief to the plains states and the southeast, according to member-banks there. But in the eastern stretch of the prairies, stretch-ing from Illinois to Missouri, July and August brought fur-

ther crop losses.

Most significantly for infla-tion, the Kansas City Federal Reserve reports that the slaughter of cattle due to feed shortage has been less than expected; this was widely expected to cause meat short ages next year and for some years afterwards.

Consumer spending is reported as "sluggish"

Alfonsin moves to reassert his authority

By Gary Mead in **Buanos Aires**

PRESIDENT Raul Alfonsin of Argentina has issued a strong-ly-worded statement reasserting his position as head of the armed forces, after attempts by two officers to challenge their suspension from duty by using civilian court hearings.

Seventeen army officers have recently been relieved of their duties by Gen Jose Dante cardi, the army Chief of Staff, allegedly for involvement in the group associated with cashiered Col Aldo Rico, now in prison awaiting trial for his part in rebellions at Easter last

year and in January this year. Five of those officers have since returned to duty after being cleared of the allega-tions. However, two have taken the unusual step of seeking reinstatement through civilian courts.

Last week, after two sepa rate court hearings, civil judges ordered Gen Caridi to give his reasons for suspending from duty Lt Col Hector di Pas quale, and told him to permit Major Osvaldo Vercelotti to continue his studies at Argen tina's War College. Despite the ruling, Major Vercelotti was not allowed to enter the college last week.

President Alfonsin described the court's decision in the case of Major Vercelotti as "under mining the indispensable disci pline which is the essential principle of any armed organi-sation" and he asked for the

NOTICE OF REDEMPTION

To the Holders of

U.S. \$2,500,000,000

UNITED KINGDOM

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NOTICE IS HEREBY GIVEN that, pursuant to the terms and conditions (the "Conditions") of the above-described Notes (the "Notes"), the Lords Commissioners of Her Majesty's Treasury must behalf of the Government of the United Kingdom of Great Britain and Northern Ireland have elected to and will redeem on 7th October, 1988 (the "Redemption Date") all nutstanding Notes at the redemption price of 100% of the principal amount thereof. Interest due on the Notes on 7th October, 1988 will be paid in the usual manner.

Bearer Notes will be redeemed upon presentation and surrender with all Coupons appertaining thereto maturing after (but not on) the Redemption Date, at the option of the holder, either (a) at the Corporate Trust Office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York, 10015 or (b) at the main offices of Morgan Guaranty Trust Company of New York in London and Brossels, Swiss Bank Corporation in Basle nr Krediethank S.A. Luxembourgeoise in Luxembourg. Coupons due on 7th October, 1988 should be detached from the Bearer Notes and surrendered for payment at any of the offices specified above other than the paying agent in the United States in accordance with the Conditions.

Registered Notes will be redeemed upon presentation and surrender thereof, at the uption of the holder, either (a) at the Corporate Trust Office of Morgan Guaranty Trust Company of New York specified above or (h) at the main offices of Morgan Guaranty Trust Company of New York in London and Brussels. Interest due on 7th October, 1988 on the Registered Notes will be paid in accordance with the Conditions.

On and after 7th October, 1988 interest will cease to accrue nn the Notes and unmatured Coupons shall become void.

On and after (in October, 1988 interest will cease to accrue in the Notes and unmatured Coupons shall become void.

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By order of:

THE LORDS COMMISSIONERS OF HER MAJESTY'S TREASURY

Dated: 7th September, 1988

Any payment made within the United States or by transfer to an account maintained by a non-U.S. payce with e bank in the United States may be subject to reporting to the United States Internal Revenue Service ("IRS") and to backup withholding at a rate of 20% if a payce not recognized as an exempt recipient fails to provide the paying agent with an executed IRS form W-8, certifying under penalties of perjury that the payce is not a United States person. A payment made within the United States to a non-exempt U.S. payce is reportable to the IRS and that U.S. payce is required to provide to the paying agent an executed IRS form W-9, certifying under penalties of perjury, the payce's taxpayer identification number (employer identification number, or social security number, as appropriate) to avoid 20% withholding of the payment. Failure to provide a currect taxpayer identification number may also subject a U.S. payce to a penalty of \$50.

Peru waits for austerity to bite

Veronica Baruffati reports on the urgency of Peru's economic needs

T is usually in the middle of Lima's long, grey winter that sun-loving Limenos begin to run out of patience and energy and look ahead to a

brighter, warmer summer.
But this year, with inflation
already at 181.1 per cent, gross
domestic product growth down 3 per cent in June compared with last year, and net interna-tional reserves a negative \$260m, apprehension and expectation surround the Government's package of economic measures, soon to be

Prime Minister Armando VII.

lanueva has described the new measures as a "severe auster-ity plan" which would begin by making drastic reductions in the republic's general budget expenses (lowering representa-tion costs abroad, restricting tha use of official vehicles, reducing the number of official visits abroad and controlling the use of air force aircraft by parliamentarians). It would also raise petrol prices (a galion of petrol costs 33 cents of a dollar in Lima today), reduce the number of dollar exchange rates (at present there are 11) and end subsidies to certain

Mr Alejandro Toledo, an independent Stanford-trained economist, has called for Peruvians to come together, regard-less of their political differences and "put our shoulders to the wheel." He called for an

MR Abel Salinas, the Peruvian Minister of Economy and Pinance, is expected to announce the Government's new economic plan this even-

ing.
The gradualist economic policy favoured by Mr Cesar Robles, the former Finance Minister, is to be superseded by shock treatment and Plan Zero, in what President Alan Garcia describes as his war against inflation - "cost what it may".

In an attempt to achieve zero inflation and stability in a country where inflation this year is already running at 243 per cent and the foreign debt expected to incinde unifying exchange rates, adjusting con-

more the norm than the exception in Peru. Last Thursday in a Cabinet reshuffle, Mr Cesar Rohles Freyre, Minister of Economy and Finance, resigned after ref-using to announce the Government's new economic mea-

sures, expected to provide a shock to the economy. He was replaced by Mr Abel Salinas, Minister of Energy and Mines, Mr Robles' gradualist economic policy had met with a lot of criticism from both the lot of criticism from both the

trolled prices, and renewing contacts with the international financial community.

Petrol prices will increase 200 per cent and grocery costs are expected to rise by 70 per cent. The Government has dis-cussed distributing food bonds to the poor in an attempt to reduce the social impact of the

Meanwhile, queues have formed in Lima where hoarding and speculation have caused basic foodstuffs to disappear from the shelves. rages have run out of pet-

There is a feeling of tense calm as the country waits for the new measures which are expected to bring a wave of strikes in their wake.

private sector and the left, nei-ther of whom are happy with the uncontrollable spiral of the extension of the tax system and the introduction of penal-ties for tax evasion, which is inflationary process. He had already admitted publicly that inflation this year could reach

500 per cent. re is increasing feeling that President Alan Garcia is unwilling to take drastic unpopular measures, regardless of the long-term effects for the country's economy, in order to leave office in 1990 as untarnished as possible. Mr Ricardo Vega Llona, a

leading industrialist, describes the present economic situation

in_Peru as "ungovernable": inflation is rampant, there are no supplies, the dollar's oscillations are often unrelated to inflation. Peru has discon-nected itself from the world of

nected itself from the world of international funding, and exports are tower now than they were 10 years ago.

One of the main obstacles to working effectively in Peru is the labyrinthine red tape which strangles even the most basic transaction. An example of the excruciatingly slow pace of negotiations in Peru is the of negotiations in Peru is the \$1.3bn project which Petro-peru, the state oil company, and Shell have been trying to sign for months in order to develop a gas project in Cami-sea, near Cuzco.

Mr Salinas, the former Minis-

ter of Energy and Mines, and Mr Jaysuno Abromovich, the president of Petroperu, defended the development project et a press conference last month amid political in fighting to postpone the August 31 adline for the contract signing in order to allow more time for discussion. It was the Peruvians who set the dealine. In a country where 70 per cent of the labour force still

works in the informal sector, the Government is losing out on a huge potential, who, repelled by the nightmare of bureaucratic paperwork, could make greet contributions towards pulling Peru out of its

Miners plan three-day strike

By Veronica Baruffati

THE National Federation of Miners, Metallurgical and Steel Workers in Peru have announced a 72-hour strike due to start next Monday.

The decisioo was made last week in Lima at the federation's tenth national plenary session which was attended by 256 detegates from 103 mining unions. The strike has three main objectives:

• To demand that the Govern-ment fulfil its obligation to set cuss the miners' demands resulting from their 30-day general strike which ended on August 16 and which cost the country \$140m.

To demand reinstatement

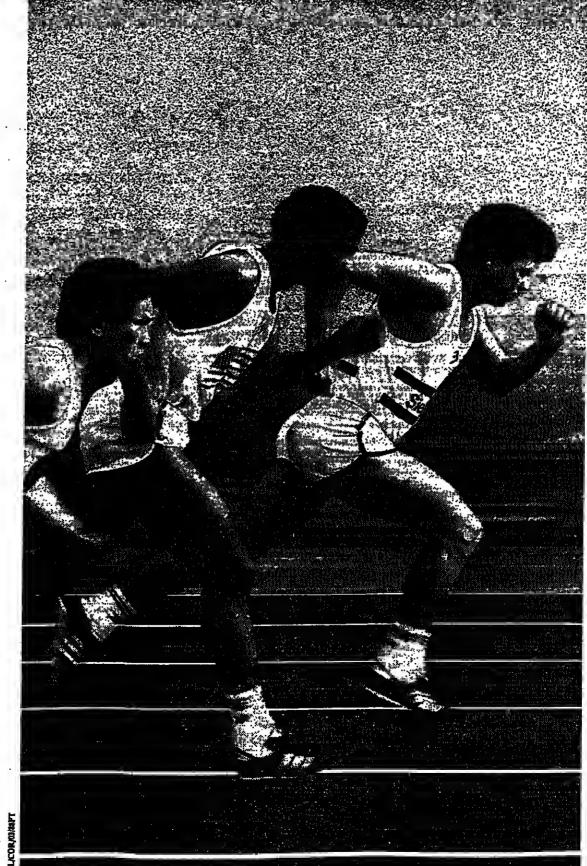
of the Tintaya silver and copper miners dismissed after the last strike. To demand a solution to the miners's strike in Raura, now

Mr Jose Carlos Carresco Tavara, the new Minister of Energy and Mines, said: "We would like to discuss [the strikel with the miners because we cannot afford to paralyse the mining industry which generates foreign currency for this country.

The federation said the strike would go ahead if no solution hed been reached by

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WORLD TRADE NEWS

NEI wins £75m power contract from Iraq

Engineering Industries yester-day won the first large interna-tional order placed by Iraq since the ceasefire in the Gulf. Under a £75m contract signed in Baghdad, the company's Parsons division will supply four 350MW turbine generators for a new oil-fired power station to be built at Al-Shemal, 250 miles north of the

Iraqi capital.

The plant is on a new site and does not involve replace-ment of plant lost in the fighting with Iran.

The order, for which US and Japanese companies also tendered, includes control systems to be supplied by NEI's electrical division. It was signed in anticipation of a continuation of UK-Iraqi credit lines. It is NEI Parsons' biggest

order from Iraq for four years. The last was for four 320MW turbine generators at the Al-

Northern Mussain power station, commissioned recently.

> ilar to those ordered earlier this year by the Hong Kong Electric Company for the power station on Lanna Island. Dr Boh Hawley, managing director of NEI Power Engi-neering, said that the order "further highlights NEI Parsons' determination to seize opportunities that exist in the world-wide market."

In the UK. NEI Parsons recently lost to GEC the orders for turbine generators at the proposed new 1800MW power stations at Fawley, near Southampton, Kingsnorth in Kent, and West Burton, Notts.

However, NEL, in competition with FKL Babcock was

tion with FKI Babcock, won the boiler contract at Fawley and is hoping to win those at Kingsnorth and West Burton, due to be placed in the next

Occidental may sue Venezuela for \$1bn

By Joseph Mann in Caracas

OCCIDENTAL PETROLEUM of the US intends to sue the Vene-zuelan Government for \$1bn in damages if the company does not receive compensation for claims dating back to Venezuela's nationalisation of all foreign oil companies in 1976, according to an official involved in talks between the

two parties.

The Occidental claim refers to exploration work the US company performed in the southern part of Lake Maracaiho during the early 1970s under a service contract with the Venezuelan government.

Although other international oil companies received com-pensation from the Venezuelan Government after the 1976 nationalisation, Occidental was excluded as a result of allegations that the company had paid bribes in Venezuela.

The charges were never proven, but Occidental has not received any compensation, despite efforts to reach an in the US courts.

agreement with three different

governments. Occidental's original claim was for \$42m,

but the company also is seek-

ing over \$70m in interest.

The company has already petitioned the office of the US Trade Representative to deny Venezuela privileged access under the scheme of the Generalised System of Preferences in relation to the same claims. and the oil company's request

is being investigated.

Under GSP terms, a country that has nationalised the property of US citizens without "prompt, adequate and effecdenied GSP privileges. Vene-zuela could lose around \$124m per annum in export benefits if its GSP status is revoked, according to one estimate.

Occidental has decided that unless some agreement is reached over the next few months, it will move ahead with the billion-dollar lawsuit

Ericsson wins \$230m Mexican contract

By Sara Webb

ERICSSON, the Swedish telecommunications group, has won a contract worth over \$230m from Telefonos de Mexico, the Mexican communications authority, covering both digital and analogue switching systems as well as transmission, power and cool-

ing equipment.
This is the second major contract Ericsson has won from the Mexican PTT so far this year in line with the country's programme to expand and modernise its public tele-

phone network.

The Swedish group won a \$17im order in February for exchanges and transmission equipment and now claims to have at least a 60 per cent share of the Mexican switching market.

As part of the latest order.

Ericsson has agreed to supply new AXE digital local and transit exchanges for Mexico City and other areas in 1990. it will also provide exten-sions for the existing digital exchanges, as well as analogue switching equipment for use in the extension of local crossbar exchanges, since much of the telecommunications infrastructure in Mexico is based on analogue equipment.

Taiwan places order for three Airbuses

THE European aircraft group Airbus Industrie announced yesterday that it has recieved an order from Taiwan's China Airlines for three of its A300-600R passenger jets, AP-DJ reports from Paris.

Financial details of the order were not disclosed, but Airbus said the aircraft will be powered by Pratt & Whitney engines and are scheduled for delivery during the fourth quarter of 1989.

Airbus is a consortium between Aerospatiale of France, Messerschmitt-Boel-kow-Blohm Gmbh of West Germany, British Aerospace and Construcciones Aeronauticals

Victory rings hollow for US chip makers

Louise Kehoe reports on the shortcomings of a much-vaunted trade pact with Japan

ohip makers celebrated. With the official signing of the US-Japanese Semi-conductor Trade Agreement on that date, the American indus-try's leaders believed that they had finally won an opportunity to battle fairly on an "even playing field" with Japanese

Two years later, their victory rings hollow. The battle for full implementation of the promises of the trade pact cominues and the agreement is being severely criticised by factions within the US electronics industry, US government and foreign electronics industries that the transmission of the US that represent some of the US chip makers' most important

The pact was supposed to protect US chipmakers from Japanese "dumping" (selling at less than production cost) of memory chips and to pressure Japan to open its markets wider to foreign chip suppliers.

A system of minimum fair market value prices, based on production costs, was insti-tuted by the US Commerce Department, while the Japa-nese Ministry of International Trade and Industry (Miti) was charged with monitoring all memory chip export prices to ensure that dumping did not continue in third country mar-

Most importantly, from the point of view of US chipmak-ers, the Japanese promised to increase purchases of fereign-

The apparent failure of the trade pact so far to produce

any tangible benefits for US industry is faciling criticism of the long controversial agree-

 Trade sanctions, imposed last year by President Reagan in retaliation for alleged Japa-nese failure to comply with the agreement, remain in place but appear to have had little

impact.

•Although Japanese dumping of memory chips has stopped, the major beneficiarles appear to be Japanese chip makers who are reaping windfall profits on highly infated chip

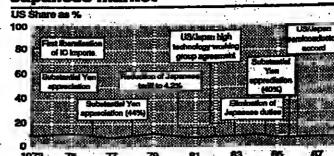
 Japan still dominates the market for DRAMs (Dynamic) Random Access Memories), the key computer components at the centre of the trade row. Although two US semiconductor companies, Intel and Moto-rola, have both "re-entered" the DRAM market, neither is

or bridge of the particular of with Japan. The \$16hn Japa-nese semiconductor market is still almost 90 per cent owned by domestic suppliers.

Early challenges to the pact were based largely on political or technical opinions on matters of international trade law.

The US chipmakers have successfully defended "their" trade pact against charges that it represents a cartel of the world's largest chip suppliers, that it is protectionist or that it runs roughshod over the rights of other nations by mandating

US semiconductor penetration of Japanese market



a system of worldwide chip

price monitoring.

The latest challenge, from a group of US electronics equipment and computer manufac turers, presents a far more dif-ficult problem for the US ment and supporters of

These companies claim that they are being injured by the chip pact. They charge that the trade agreement has exacer-bated a serious shortage of crifical memory chips by encour-aging Japanese chip makers to cut production. Further, they point out that it is the US electronics industry that has car-ried the burden of the chip

agreement by being forced to pay higher prices for Japanese memory chips.

Already, the chip purchasers have won the endorsement of the American Electronics Association, the industry's largest trade group. This has fractured a fragile consensus of support for the trade agreement which

was built on the argument that the well-being of US chip mak-ers is in the interests of the entire US electronics industry. As recently as March this year, the AKA and the Semi-

conductor Industry Associa-tion, the US chip makers trade group, issued a joint statement that emphasised the interde-pendence of different sectors of pendence of different sectors of the electronics industry. The elements of the (US) electron-ics industry are analogous to a food chain," said Mr Horace McDonell, AEA chairman and chairman of Perkin-Eimer, a major semiconductor produc-tion equipment manufacturer. "If one link is demaged, the others automatically are injured. We must not let that

According to US semiconduc-tor industry officials, the AEA has reneged on its March agreement to support the trade pact. Pressured by a group of vocal opponents including. AT&T, Hewlett-Packard, Apple

Computer, Compaq Computer, NCR and Tektroniz, the trade group has reversed its position and has agreed to request a Commerce Department view of

the entire agreement.

Proposals adopted by the
AEA include recommendations that the Commerce Department system for setting fair market values for Japanese memory chips be scrapped or severely modified and that the Japanese Government be urged to replace its price monitoring

If such proposals are offi-cially forwarded to the Com-merce Department, the rug will be pulled out from under supporters of the trade pact. It would be difficult, both legally and politically, for the Com-merce Department to turn down such requests. Any such review would however, severely weaken the position of US trade officials as they con-

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US trade officials as they continue to argue for fuller implementation of the pact with their Japanese counterparts.

Drastic modification of the pact, possibly separating the twin issues of prevention of dumping and market access, now appears almost inevitable.

A last-disch effort to mend the rift within the US electronies industry takes place tomorics industry takes place tomorrow, when senior executives of about 10 companies will neet at an extraordinary industry summit. Meeting privately, these industry leaders may reach a mutually acceptable compromise. Such meetings might better have taken place two or three years ago, before the trade agreement was inked.

Row as W Australia joins Bond in chemical plant

By Chris Sherwell, recently in Perth

IN AN unwanted hlaze of controversy, the state govern-ment of Western Australia has become involved in a A\$850m petrochemical plant to be built in a joint venture with the local entrepreneur Mr Alan

The idea behind the project is to use some of the vast quan-titles of gas from the giant North-West Shelf natural gas project. The aim is two-fold: to capitalise on the booming export market for petrochemi-cal products in Asia, and to replace imported caustic soda for the vast local alumina

industry.

The principle is simple. Eth-

ane gas will first be separated from North-West Shelf gas. cracked into ethylene and reacted with chlorine to make ethylene dichloride (EDC). This will then be converted into vinyl chloride monomer

(VCM), and perhaps further into polyvinyl chloride (PVC), the world's best-known plastic. The chlorine will come from plentiful local supplies of common sait, through an electro-lytic process which simulta-

reonsity produces caustic soda.

The plant itself will be constructed next to a new liquid petroleum gas plant at the Kwinana industrial complex control. The main complex control of the statement of the stateme south of Perth. The main con-tractors will be the Japan Gasoline Company and Clough Engineering, a local group BF Goodrich, Stone and Webster,

the technology.

All the planned output of 100,000 tonnes of EDC and 240,000 tonnes of VCM would be exported, purchased under agreed contracts by Mitsubishi Corporation of Japan. Another 235,000 tonnes of caustic soda, some 40 per cent of Western Australia's requirements, would be sold to Alcoa, which operates three local plants con-verting bauxite to alumina.

ern Australia's would be largest caustic soda plant in the est caustic soda plant in the country, but not the largest petrochemical plant. By world standards it is about half the size of one which might be built in Japan or the US.

The Labor Party Government of Western Australia is never civil that the whole project.

now studying the whole project closely before deciding exactly how much equity it will inject. An announcement is expected in the next few weeks.

Among other things, it must

finalise important decisions on the pricing both of the gas and of the power which will supply the plant. But the biggest con-sideration by far relates to interest charges on the project's large borrowings.

This and the weak international market have been the

pest, when the idea of a local petrochemical plant was first conceived – mainly as a result of the previous Liberal Party government's misjudgments of future domestic demand for gas from the North-West Shelf.

That controversy is now part of history. Current attention focuses on the way the Labor Government has been drawn into the project as a result of joining Mr Bond in last Octo-

the share market crash.
The bank was then headed by Mr Laurie Connell, a wellconnected local entrepreneur. He and Mr Dallas Dempster, another colourful local busi-

nessman, had put together a petrochemical project proposal after Government approaches to various international companies elicited no firm response. Three months ago, the Roth-wells rescue was close to falling apart as problems became obvious. At the same time the Government was seeking to

A\$150m guarantee intact before the end of the financial In the event, Mr Connell was obliged to take responsibility for some A3350m in loans. But

retrieve its controversial

share in the petrochemical project to Bond Corporation. Mr Bond would not proceed without the state government's participation. The government agreed, in order to facilitate the release of its Rothwells

Bond Corporation will now buy Mr Dempster's half-share for a reported A\$25m, and has declared it will be putting up A\$250m in equity for the project. The government is expec-

Perth merchant bank hit by ted to put up the same amount it backed Rothwells with - A\$150m. To the Liberals, all this is

nothing short of a scandal. Mr Barry MacKinnon, the Liberal leader, said this week that the Government's commitment to the petrochemical plant has nothing to do with economic considerations "and everything to do with politics". If there is a recession in the market and interest rates rise, he said, the project could well make losses and the taxpayers shoulder

them.
Ministers and officials, who are being advised by First Boston Australia, see things in a different light. They say the more they study the project, the better it looks.

The obvious attractions lie

The obvious attractions lie n the ava sary raw materials, the exis-tence of guaranteed markets and the prospect of export earnings

Construction is due to commence in November, with the start-up date scheduled for the third quarter of 1991. Although the final go-ahead is still awaited, few doubt it will be forthcoming. It is certain to be a hot issue in the state elec-tion, which is expected early next year.

POSTAL As these projects go, Westber's rescue of Rothwells, a ARRANGEMENTS.

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Renault may enter parts sale deal with Japanese

RENAULT, the French state-owned car group, is dis-cussing the possible sale of state-owned car group, is discussing the possible sale of
components to Subaru, the
Japanese car manufacturer
owned by Fuji Heavy Industry.
The French group have confirmed that there had been
talks with the Japanese company but claimed that they
were part of the general discussions over possible collaborations which Renault, like other
European car makers, has been
holding with other car groups.
However, Snbaru appears
particularly interested in
French collaboration since this
could help clear the way for
French Government approval
for Subaru's proposal to produce four-wheel-drive cars in
France for the European marlet.
Subaru has been stemping up

Subaru has been stepping up its efforts to establish indus-trial bridges in Europe to posi-tion itself for the advent of the new single European market environment of 1992. To this

UK Nissans for export to US'

By lan Rodger in Tokyo NISSAN MOTOR is thinking of exporting cars from its UK fac-tory to the US, starting in 1990,

according to a Japanese newspaper report.

The Yomiuri, Japan's largest daily newspaper, said that the model to be exported would be the left-hand drive 2,000cc version of the Bluebird, Exports to begin in October Europe are to begin in October. By exporting from the UK to the US, Nissan could increase its shipments into that market without violating an agreement between Japan and the US restraining exports of cars from Japan to the US.

Nissan officials said "nothing concrete" had been decided, but such a move

might well be possible.

end, it has proposed to invest about FFr100m to convert a farm machinery manufacturing facility at Angers, in western France, formerly owned by International Harvester.

The project envisages production of about 25,000-30,000 Subaru four-wheel-drive cars a year for the European market

by late 1992 or early 1993.

Although the city of Angers and its left-wing mayor, Mr Jean Monier, have been campaigning in favour of the Japanese investment, the French Government has so far delayed taking a decision on the sensitive subject. Indeed, the Government agrees a prione to ernment appears anxious to ensure that the Subaru cars manufactured at Angers would involve at least 80 per cent of local French content.

The French anthorities are also insisting on a similar level for the Nissan cars made in the UK which the Japanese manu-facturer wants to start exporting to France this autumn.

NOTICE TO GIROBANK VISA CARDHOLDERS

Girobank plc announces that the interest charged to its Visa cardholders will be increased from 1.75% per month to 1.9% per month (equivalent to an A.P.R. of 25.3% for purchases and 25.6% for a typical cash advance).

Interest at the new rate, calculated on the daily balance left outstanding from the previous statement date, will be charged and shown on cardholders statements issued from the 14th September 1988 and thereafter until further notice. No interest is charged if the whole of the outstanding balance is repaid by the 25th day following the date of the statement. Clause 6 (i) (a) of the Conditions of Use is amended



STONEHILL HOLDINGS PLC **Extension of Offer to Shareholders**

Details of an offer to qualifying shareholders of up to 3,200,000 ordinary shares in Stonehill were posted to shareholders on 15th August, 1986. The offer was due to close on Monday, 5th September, 1988. Owing to delays in the postal senice caused by industrial action the Board of Stonehill, in consultation with Transvood Earl & Company Limited, has agreed to extend the period for acceptance of the offer until 3,00pm. on Monday, 12th September. The original application forms remain valid and forms may be delivered by hand or by post to Barclays Bank PLC, New Issues, P.O. Box 123, Fleetway House, 25 Farringdon Street, London EC4A 4HD.

In view of the possibility of further postal delays applicants are encouraged to deliver forms of acceptance by hand.

In view of the possibility of further postal delays applicants are encouraged to deliver forms of acceptance by hand. The shareholders' meetings to be held today, 7th September, 1988, will take place as scheduled. Completion of the proposed acquisition by the Stonahill Group of various properties on the Lea Valley Trading Estate has been on 19th September, 1988. Dealings in the new shares are now expected to commande on 19th September, 1988, certificates to be despetiched by 28th September, 1988.

The Board of Stonahill announced, on 6th September, 1988, that the consortium formed to purchase Estree Studios, in which Stonahill's wholly-owned subsidiary N.S. Estates Limited has invested £1 million, has agreed to dispose of Estree Studios to Mainray Limited, a joint venture company owned by Brent Waller Group P.C. and clients of Transvood Earl & Compenny Limited. Subject to completion of the acquisition and disposal of Estree, it is anticipated that a post-tax profit of over £2.5 million, net of expenses, will accure to N.S. Estates Limited out of which it is proposed that it will re-invest a proportion in the new joint venture.

The Board of Stonehill wishes to re-emphasise that any profit is conditional upon the satisfac a number of related transactions in connection with the acquisition and disposal of Eistree. This notice is issued by Stonetill Holdings PLC and has been approved by Transvood Earl & Company Limited, a member of The Financial Intermediaries, Managers and Brokera Regulatory Association. Transvood Earl & Company Limited has underwritten the Righte issue.



THE TRADES Union Congress gion, which administers the looks likely today to refuse to co-operate with the Government's £1.5hn Employment wode being cast in favour of training programme despite an extraordinary last-ditch call is likely to throw in doubt the yesterday by Mr. Neil Kinnock, the opposition Labour Party leader, for unions to support the scheme.

Trade union leaders believe that today's vote on ET is very finely balanced following a vote in its favour last week by a margin of one on the TUC's general council.

But careful calculations prepared by unions which oppose the scheme suggested last night that the full TUC, meet-ing in Bournemouth this week, may abandon its current condimay abandon its current conditional support for the programme and vote to withdraw co-operation by a margin of perhaps as little as 100,000 out of a total of 9m votes.

Senior officials of the Government's Training Commis-

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TUC's continued memebership of the Commission, and may considerably reduce the size and coverage of the pro-

In a speech to the Bournemouth gathering billed before-hand as a major attack on the Government's economic record – an attack it did con-tain – Mr Kinnock took the highly unusual step for a Labour leader of directly addressing a contentious trade union issue the day before the

key debate upon it. His move, which was made in consultation with the TUC leadership, was clearly designed to influence today's debate, though after the speech most union leaders insisted that it would not do so.

Mr Kinnock spelt out his reservations about the scheme, insisting that Mrs Margaret Thatcher, the Prime Minister. had made it clear last week that the scheme was only non-compulsory for the time being; what she wanted, he said, was "coercion, no more, no less."
Any move along these lines, for example hy cutting off unemployment and social security benefits for those refusing to take part, would be regarded as completely unacceptable by both Labour and the unions. But be posed the "classic union question" of whether it was better to achieve what the

unions wanted from training, and from ET in particular, from inside or outside it. whichever way the unions decided, they faced a tough choice. Staying inside the Training Commission and involved in ET would lay the unions open to charges of complicity with it. But to go out-

side would remove the main impediment to its transforma-tion into a US-style workfare system, would allow training to be more easily privatised. While none of the deficien-

cies and weakness and let-

downs of Employment Training would be the fault of the Kinnock continued, "You will get the blame. You will be the whipping boy. You will be the excess for everything wrong."
His support for remaining with ET angered those unions which oppose it, especially the TGWU transport workers, whose general secretary, Mr Ron Todd, and his delegation steadfastly refused to applaud Mr Kinnock in this section of his speech, though overall he drew a standing ovation.

However, even if Mr Kin-nock's ples is rejected today by the TUC, Mr Kinnock's standing may be improved hy being seen to have taken a stand



Neil Rinnock: at the TUC

and to have distanced himself from any charges which may be levied against them if they vote not to co-operate with the scheme.

for the fourth successive year. Several car makers including

Ford, the UK market leader

are, at least temporarily, with-drawing cheap finance schemes that have served to

stimulate sales so far this year, but the industry does not believe this will retard the

Mr Trever Chinn, chairman

and chief executive of Lex Service, the leading UK car

retailer, said there was a strong underlying growth in demand for cars because of the

relatively lower density of car ownership in the UK compared

to the rest of West Europe, and

launches first test of smart card By Alan Cane BARCLAYS BANK is conducting its first public trial of a "smart card", a bank card containing a microcomputer.

The trial will take place over the next 15 months at the Dallington Country Cinb. a sport and fitness complex near Northampton.

Barclays

It will involve smart cards manufactured by Honeywell Bull, the computer company owned by Honeywell of the US, Hull of France and NEC of Japan. The cost of the trial is believed to be considerable.

Smart cards have been tried extensively in France, where the technology was invented, and in Japan and the US. The and in Japan and the US. Ine only examples in the UK bave been a health card experiment involving the Department of Health and Social Security in Exeter and a Midland Bank trial at Loughbourough University with comba manufactured. sity with cards manufactured by GEC.

Mr Ken Bignall, deputy chief executive of Barclaycard, said yesterday he believed the Dallington trial would be the

most advanced experiment yet in smart card technology. The 2,000 members of the Dallington Country Club will be able to use the cards like a key to enter the club after reception hours, to pay for goods and services, book squash courts and record their medical history.

Bank interest in smart card technology erises because it

technology arises because it offers greater security than the magnetic stripe widely used on cheque guarantee cards, and to gain access to automatic cash dispensers and electronic funds transfer. The chief disadvantage of

the smart card is its cost several pounds compared with a few pence for a mag-netic stripe card. Barclays has refrained from experimenting with the smart card in the past

for this very reason.

Mr Bignall said a case for the card could only be made when it featured the range of facilities offered in the Dallington trial. Its aim is to test public reac-

tion and the robustness of the system. He said he did not envisage technological problems; modern cards should even stand up to life in the back pocket of a squash player's shorts.

Cruise missile removal begins under INF deal

By Devid White, Defence Correspondent

thrown into reverse tomorrow when a first batch is due to be flown out of Britain for destruction in the US.

The missiles, from Molesworth in Camhridgeshire, are the first of their kind to be removed from Europe as a result of the Intermediate Nuclear Forces (INF) treaty herwest the IIS and the Carint between the US and the Soviet Union, ratified in June, banning medium-range groundlaunched missiles.

Mr George Yonnger, the Defence Secretary, and Mr Charles Price, the US ambassador in London, are due to be present as the first missiles leave for the nearby US Air Force base at Alconbury. US officials say they will be flown immediately to the US for

Last week, nine Pershing II ballistic missiles, also barred under the treaty, were moved from a base at Heilbronn in West Germany ready for trans-port to the US.

The cruise missiles are part

THE WIDELY contested deployment of US cruise missiles in Europe begins to be of 16 missiles installed at RAF Molesworth. Initially, a further three flights had been scheduled for deployment there.

The 96 cruise missiles at Greenham Common, near Newbury in Berkshire, which has been the focus of the UK antinuclear campaign, are expec-ted to remain until the latter part of the three-year with-drawal period provided for by the INF treaty.

Neither US nor British offi-cials would say how many mis-siles were being taken out in this first, highly symbolic oper-The BGM-109G Tomabawk

missiles, made by General Dynamics of the US, are carried by mobile launchers, with four missiles to a launcher and four launchers to each flight, Nato decided in December 1979 to deploy 464 of these missiles in the UK, Itsly, West Germany, Belgium and the Netherlands, in response the build-up of Soviet SS20s, which are also now in the process of being destroyed. The first cruise missiles arrived in Britain four

Postal strike brings service to standstill

THE BRITISH postal service came to a virtual standstill yesterday. Two thirds of postal workers were out on strike by the end of the day and only a handful of the Post Office's major sorting centres were still operative.
The international mail ser-

vice has now been suspended for two days and by the end of yesterday the Post Office could offer only a very limited inland service. The only letters likely to get through the postal sys-tem were those sent within the few towns, like Belfast in Northern Ireland and Gloncester, in the west of England where sorting centres

were still working. During the day the number of postal workers on strike almost doubled from 48,000 on

Monday to more than 92,000 of the 140,000 strong workforce.
The industrial action intensified throughout the day as postal workers objected to the Post Office's instructions that they should handle mail diverted from areas affected. There was a walkout at New-

castle in north-east England in protest at instructions to pro-cess 100,000 letters delivered there hy a Post Office customer in Liverpool. Similarly the strike spread to Chelmsford in Essex when postal workers were told to handle mail at Waterloo and Kings Cross railway stations in London.

The Post Office said that there were "so many gaps" in the system that it was "very difficult to maintain anything like an adequate service"

United in talks with satellite **Super Channel**

By Raymond Snoddy UNITED CABLE of the US, one of the largest American cable television operators, has emerged as favourite to buy Snper Channel, the British-based European satellite cable

The Super Channel board decided yesterday to enter into detailed discussions with United, which has recently been expanding into the European cable market and the UK

in particular.

It is believed that the board, controlled by Mr Richard Branson's Virgin Group and four independent television companies, wants a financial package which includes a commitment to keep the channel going until it breaks even and compen-

sates existing shareholders. The current Virgin business plan envisages that a further £15m will be needed to take the general entertainment channel, believed to be losing more than

£1m a month, to break-even. The options being considered include one which would allow Virgin and some of the main ITV shareholders — Granada. Yorkshire, Anglia and Television South – to remain as
minority shareholders and othminority shareholders — Granaua.

The plans, representing the
most extensive change for
decades in the way schools are
run, were set out in a lengthy

August car sales soar to record high

By Kevin Done, Motor industry Correspondent

UK NEW CAR sales jumped to an unprecedented level in August setting a record for a single month and arousing renewed fears of a further sharp deterioration in the UK balance of payments, as car

imports surged.

New car registrations totalled 477,305 units last month, an increase of 17.18 per cent from August last year, the previous record month, under-lining the continuing boom in UK consumer spending. Imported cars captured 61.02

per cent of the record August car market compared with month last year. It was one of the worst months on record for the UK car trade balance,

RESPONSIBILITY for spending decisions dealing with billions of pounds a year is to be removed from local education authorities and handed over to schools in England and Wales

under plans announced by the

ATT THE

By David Thomas, Education Correspondent

although imports did capture a slightly higher share in August 1980 and 1981 at more than 63 per cent.

August is traditionally the strongest month for car sales in the UK with demand stimulated by the change of registra-tion prefix to a new letter. The month accounts for more than a fifth of the year's total sales.
The Society of Motor Manufacturers and Traders, the motor industry trade association, sought yesterday to allay some of the concern about last month's very high import levels and claimed that imports would "probably ease to nearer 55 per cent over the full year." This would still mark a

major deterioration from the

authorities and schools. They

arise from the recently enacted Education Reform Act, In future, local anthorities

will have to distribute funds to

schools by a set formula. At least three-quarters of this

money will be determined by

the number of pupils in each

school, thereby giving schools an incentive to make them-

selves popular with parents and increase their pupils.

50.73 per cent share captured by imports last year and would signal a return to the high car import levels of the first half of

Car import levels are generally highest in August because of the concentration of pur-chases by private motorists, who favour imported cars, while the majority of fleet buy-ers still tend to buy Britishbuilt cars.
The UK new car market is now one of the strongest in

West Europe. Sales in the first eight months have increased by 12.1 per cent to 1,635,688 units from 1,459,719 a year ago. Sales for the full year are expected to reach at least 2.2m units, reaching a record level

All secondary schools and primary schools with more than 200 pupils will take over responsibility for managing their annual budgets.

The distributed funds will cover the great bulk of school

costs including staffing, day-to-day running, books and

This greatly extends the con-

because of the increasing num-ber of households in the UK. Schools to control their own budgets

> teachers Mr Kenneth Baker, Education Secretary, said yesterday that the reforms would allow schools to meet more effectively their users' needs. However, the National Union of Teachers expressed concern that schools would be forced to trade spending on teachers' This greatly extends the con-trol over hadgets held by books and equipment.

school governors and head

Northern Regional Health Authority Benfield Road, Newcastle upon Tyne NE6 4PY. Telephone (091) 266 4188

Selary circa £35,000 (under review) plus up to 20% performance

related pey spread over a 5 year period.

The Director of Finance is the chief financial adviser to the Regional Health Authority. A more competitive approach to the provision of health care combined with the start of a new strategic planning round require a dynamic, innovative and imaginative approach to finencial management. This key post will therefore provide a considerable challenge and opportunity to further an already. successful career. We expect to appoint a qualified accountant with wide experience in either the public or private sector.

The Regional Health Authority is responsible for the planning. resource allocation and performance review of health care provided, by the 16 operational District Health Authorities in the Region. The revenue budget this yeer is £780 million, and the capital programme

Northern is one of the country's largest health regions, spenning the whole of the north of England, from Cumbria in the west to Northumberland. Tyne & Wear, Durham, Cleveland in the east and from the Scottish borders in the north to North Yorkshire and Lancashire in the south. The quality of life in the north east is excellent with a reasonably priced wide range of housing, good schools and universities, various recreational activities and an excellent transport system. Relocation expenses will be payable in appropriate circumstances.

Information package available from len Victorman; Director of Personnel, Northern Regional Health Authority, Bentield Road, Waltergate, Newcastle upon Tyne NES 4PY.

Informal enquiries are welcomed by Douglas Higus, Regional General Manager — 091 265 4186 to whom-curriculum vitae must be returned by 27 September 1968.

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Experience in product costing, cost centre accounting and familiarity with tax and regulatory reporting is required. Computer literacy is essential. Salary and benefits are competitive and will be

commensurate with experience. Write to Box A0985, Financial Times, 10 Cannon Street, London EC4P 4BY

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PLC, wishes to appoint as Managing Director a

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and it is also used by Young to identify companies

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profit sharing scheme based on Burlington's results.

The position is based in the West End of London.

Applications from suitable candidates should be addressed to John Wilson, Executive Chairman, H. Young Holdings PLC, 25/28 Old Burlington Street,

which Young may wish to acquire.

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JOANNA STEPHENSON Tel: 01-638 9205



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CITY OF LONDON **PROPERTY**

The Financial Times proposes to publish a Survey on the above on

Friday 23rd September 1988

For a full editorial synopsis and advertisement details, please

> JONATHAN WALLIS

contact:

on 01-248-8000 ext 4196 or write to him at:

Bracken House, 10 Cannon Street London EC4P 4BY.

FINANCIAL TIMES

COMPANY NOTICES

Notice to holders of MISA CERASMICS CO., LTD. USS 80,000,000 vertible Roads due 2000 USS 20,000,00 3%% Convertible Bonds due 1984 trat 70,000,000 eed Bonds due 1991 with

On 30th August, 1988, the Board of Directors of the Company resolved to make to share-holders of record on 30th September, 1988, a tree distribution of shares at the rate of 0.06 new share tor one share so recorded.

ecording to the above resolution, the Co praion Prices and the Subscription Price version Prices and the Squearppoor Price of the above three leaves per share of common stock after giving effect to the afortiseld free distribution of shares pursuant to the provi-sions of Condition S(C) of the two Convertible Bonds and Condition 7 of the Warrants will be adjusted respectively as follower:

Current Price YEN 3% Convertible Bonds due 2000 1,453.20 1.352.10 1,068,80 1,130,80 999.50 1,059.50

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COMPANY NOTICES

NOTICE TO SHAREHOLDERS

The Extraordinary General Meeting of shareholders held on 26th April 1988 resolved to change the day of the annual general meeting of shareholders to the first Tuesday in March of each year at 11 o'clock.

Shareholders holding registered or bearer share certificates are requested to present their certificates to the Custodian bank, Banque Paribas (Luxembourg) S.A., 10A Boulevard Royal, Luxembourg, in order to have them updated with this information.

9th August, 1988

Par East Growth Fund Jean Pierson Secretary

THE **EXHIBITION** INDUSTRY

The Financial Times proposes to publish this survey on:

26th September

For a full editorial synopsis and advertisement details, please contact:

SARAH PAKENHAM-WALSH on 01-248 8000 ext 4611

> or write to her at: Bracken House

10 Cannon Street London EC4P 4BY

FINANCIALTIMES

NOTICE TO THE HOLDERS OF TOYO SASH CO., LTD. Warrants to subscribe for shares of Common Stock of

Toyo Sash Co., Ltd. issued in conjunction with an issue of US\$100,000,000 1%% Bonds due 1992 Pursuant to the Paying and Warrant Agency Agreement dated 30th June 1927, notice

is hereby given as follows: 1. On 29th August 1988, the Board of Directors of the Board of Directors of the Company resolved to make free distribution of shares of its Common Stock to share-holders of record as of 30th September 1985 (Japan time) at the rate of 1 share for 10 shares held for 10 shares held.

2. Accordingly the adjusted Subscription Price per share of the above-mentioned Warrants will be Yen 5,006.00 per share of Common Stock, with effect from 1st October 1222 Lianan timej. TOYO SASH CO., LTD.

The Taiyo Kobe Bank Limited Principal Paying Agent Dated: 7th September 1288

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Jacques P. Henderiks

Has joined Pstercam Securities S.A., Brussels, as Executive Director in charge of Financial Engineering. He was formely head of Capital Markets Group with Citibank Belgium where he sterted nearly 18 years ago.

GABLE HOUSE ESTATES LIMITED, A DIVISION OF THE LADBROKE GROUP PLC

Applications are invited for a new Chair of Manufacturing Engineering established in the Department of Mechanical Engineering. This new development enjoys UGC. DTI and Industrial support and the post is tenable from a date to be agreed. The successful candidate will play a leading role in the development of new 3-year B.Eng and 4-year M.Eng schemes in Manufacturing Systems Engineering and in research in the general field of manufacturing within the Department of Mechanical Engineering. Further academic and technical posts will be established in support of this development in the period up to 1931/82. The salary will be within the professional renge.

Further particulars may be obtained from the Registrars, the University of Leeds, Leeds 1.32 9.77, quoting reference 59/95. Applications (two oppies) giving details of spe, qualifications and experience and the names of three referees should reach the Registrar not later than 28 October 1988. Applicants from oversees may apply in the first instance by cable, talex (558473 UNILDS G) or facialmite (0582 336017), naming three referees, preferably in the United Kingdom.

The successful applicant will have had several years experience Managing Director similar high profile developments, be fully conversant with modern design and construction techniques and be able to analyse and input to achieve maximisation of development

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He will be responsible to the senior Projects Director but must be able to actively lead 'the team' on his own initiative. Please reply in writing, in the first instance, enclosing a detailed C.V. to Alan Goldberg, Managing Director, Gable House Estates Limited, 239 Regents Park Road, London N3 3LF

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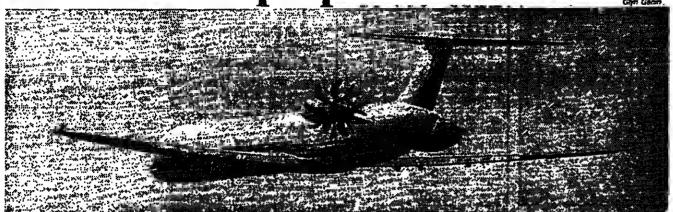
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expects

US launches propfan sales drive



By Michael Donne, Aerospace Correspondent

McDUNNELL DOUGLAS and General Electric of the US are General Electric of the US are holding marketing discussions with airlines in the US and western Europe with the aim of winning launch orders for their new family of fuel efficient propian airliners.

Those are the 114-passenger

MD-91 and the 165-passenger MD-92, both twin-engined short to medium-range aircraft. They are designed to replace existing ageing and noisy conventional jet airliners such as the Boeing 727 and early models of the 737 and the Douglas DC-9, which account for about 65 per cent of the world's jet airliner fleets. McDonnell Douglas and Gen-eral Electric foresee a potential

market of about 2,500 propfan aircraft by the end of the century. The propfan engine now under development by General Electric uses an advanced turbine "gas generator" to drive two sets of counter-rotating blades with a diameter of 11 ft shaped rather like a ship's

The result is a quieter engine than conventional jets, and one which cuts fuel con-sumption by as much as 40 per

EUROJET TURBO, the West German-based holding com-pany for the multinational pro-

gramme to build the engine for

the Eurofighter, expects to have the first complete engine

the end of the year. Mr David Mackenzie, the

cent, while propelling the air-craft at speeds close to those of Both the MD-91 and MD-92 will use two propfan engines mounted at the rear of the

mounted at the rear of the fuselage.

A propfan "demonstrator" aircraft, using one propfan engine on the left side of the fuselage and a conventional jet engine on the other side, is below the form delly at the show. being flown daily at the show, and is already attracting great interest from airline executives. This demonstrator air-craft has now made more than 120 flights in a year-long test programme in the US.

programme in the US.

Mr Kim Still, vice-president and general manager of the propfan programmes at McDonnell Douglas, said at Farnborough yesterday. "We are finding very high interest among many airlines in these two aircraft, because of the advantages they offer in both fuel savings and community noise levels."

noise levels.

"We are uniquely able to offer two different models to satisfy different airline requirements, and I am confident we will sign up the orders we need

head of the Eurojet EJ200

need of the Europer EJZVO
engine project for the Europer
ter, said the first complete
engine would be tested at MTU
München, the German partner
with one third of the shares in
the project

21 per cent share. The third design verification

have the first complete engine tested before the end of this year.

A first test run of the core of the engine is also expected by

A second engine will be tested at Fiat Aviazione, the Italian company which has a

Early test expected for complete Eurofighter engine

to launch the full scale devel-opment and production effort." Mr Still said that McDonnell

opment and production effort."

Mr Still said that McDonnell Douglas hoped to win the first airline commitments by the end of this year, and that when they amounted to about 100 aircraft, probably by mid-1989, the two aircraft would be formally launched together, with first flights expected in 1982, and entry into airtine service in 1983. The MD-91 would fly first, followed by the MD-92 about six months later.

Affines with which McDonnell Douglas and General Electric are discussing the new aircraft include. United, Northeest, Trans World, Delta, American, Alaska and Midway all in the US, and British Airways, Scandinavian airlines, Iberla of Spain, Swissatr, Anstrian and Finnair in Europe.

The prices of both aircraft will be higher than those of current McDonnell Douglas twin jet airlines, ranging from about \$25m (£14.8m) for the MD-91, to more than \$30m for the MD-92, but the manufacturers helicare the airlines will rever the MD-92, but the manufactur-

ers believe the airlines will pay to get the benefits of signifi-cantly lower fuel costs and

erigine is expected to be tested

by Rolls Royce, which has a 33 per cent share in Europet. The final partner is SENER, the

Spanish company which has a 13 per cent share.

Mr Mackenzie said that so far the industrial partners had developed the engine from their own funds at a cost of the training and a cost of the cost o

between \$50m and \$70m. The companies are committed to

lower noise levels. Mr Still said that production of parts of the new aircraft would be undertaken overseas by Aeritalia of Italy, SAAB of Sweden, and the Shanghal Avi-ation industrial Corporation of

China.

Work on the General Electric engine is being shared by Snecma of France, with a 35 per cent stake in the venture, while in the UK Bowty Rotal is involved in the development and manufacture of the hig fan blades for the engine.

MeDonnell Douglas yesterday announced new orders worth over \$1.2bn at Farnborough.

rengh.

The company has won a total of 27 MD-80 series twin engine jet airliners from Alitalia, the Ralian state airline, worth about \$830m. This includes seven sircraft on firm order and a further 20 subject to Italian government annoval.

At the same time McDonnell Douglas signed an order for four of its new MD-11 long-range Trijet atriners from China Airlines of Taiwan, worth about \$400m.

spending half as much again of their own money.

Streems, the French serventine company, has proposed a second big serveneme consorting in Europe to compete with the Turbo Union/Eurojet for military engine programmes. Sneems envisaged the possibility of two European engine consortia competing for military engine business.

Wardair order goes to R-R

ROLLS ROYCE will benefit by ROLLS-ROYCE will benefit by up to £100m from an order announced at Farmborough yesterday by Wardahr of Canada for 24 of the Dutch-built Fokker type 100 airliners listing Rolls-Royce Tay engines.

The company said that the estimated £100m value of the contract covered spares, initial eigine deliveries and service support over the expected life of the alreraft running up to at least 20 years; Deliveries are due to commence late in 1900.

Steyr-Daimler-Puch setting up Short Bros UK heavy trucks subsidiary **FJX** signing

this year STEYR DAIMLER PUCH, the Austrian vehicle and weapons group; announced yesterday that it was setting up a UK trucks subsidiary; making it the first new competitor in the British market for over a By Lymon McLam

SHORT HEOTHERS expects to sign memorarda of under-standing with at least two European or US afteraft com-panies this year about partner-iship in the proposed Shorts FJX project. Mr Ray McNulty, managing director of Shorts, said yesterday. Shorts is the state-owned Bellast direcaft and guided missiles company. Mr McNulty, said the com-pany was talking to three arcospace companies with a view to two of them joining the project to build a regional ardiner. Steyr Trucks (UK); based near Deimler-Benr's UK head-quarters at Milton Keynes, will enter the UK market for trucks of 18 tonnes weight and above. Dr Otto Voisard, chairman of the UK market for trucks of 18 tonnes weight and above. Dr Otto Voisard, chairman of Steyr group's executive board, said the UK was chosen for Steyr's first instor west European track, venture outside emitria because of the size of Britain's heavy track market and its growth rate.

However, the Austrian company is entering the UK market when competition is on the point of stiffening sharply. A few days ago AWD, a company formed out of the Bedford truck operation formerly 6 wined by General Motors, amolined the beautiff in the market, where it intends to sell 1,000 vehicles this year.

Shorts is prepared to con-tilbute 25 per cent to 30 per cent of the 2500m development cost of the FAX project, amounting to about 2150m.

edst of the FJX project, amounting to about 2150m. Shorts hopes to recover about half that amount in government hid for the latinch:

Afrilines which have expressed interest in the FJX project include British Arrways and Afrines of British Arrways and Afrines of British Arrways and Afrines of British British Midland hidding Contrary: They have asked hibrary: They have asked hibrary: They have asked hibrary to project it developed.

Shorts alms to decide the difficulty of the project it developed.

Shorts alms to decide the difficulty of the engine. Betalled airline requests of probable requirements have left Shorts to increase passenger capacity from just over 40 to 18 sents. The company wants to develop a complete family of regional aircraft based to the FJX and is aircraft based to the five introduction airchart. Steyr, a large but still finan-tially-troubled group in which Credifanstall-Bankverein, one of Anstria's largest banks, has the biggest single sharehold-ing, was one of the European truck makers hit hardest by the collabor in the early 1980s

AN IMPORTANT gap in the range of products made in Sill-con Clen - the Scottish electronics industry - is to be filled by an overseas company.

Temma corporation of Japan is to open a plant at Combernauld to make plants in fection includings for the electronics industry.

Temma which makes componients for like electronics industry.

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Temma which makes componients for like electronics and for like electronics and including the first way and individually invest stain on a shold sign in initial configuration for a shold sign in the lack of locally available in scottlish based companies to fill the gap, the mountainty invest stain of a shold sign in the lack of locally available in scottlish based companies to fill the gap, the industrial production of the gap in the lack of locally available in Scottish based companies to fill the gap.

The inculdings required by the electronics industry are not available in Scottish in the gap in the lack of locally available in Scottish based companies to fill the gap.

The inculting in the local investment up to find the provide a total of the fill of provide and in the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the gap in the local investment up to fill the g

of Third World truck markets:
Last year; its European
plants marketed 2:60 trucks,
compared with over 6:600 a
year at the and of the 1978s.
While Dr Volsard denied yesterday that Steyr was developing a strategy fat a pun-Buropean presente; he made clear
that if a firm bridgehead were
established in the UK as well
as Holland and Belgium; Steyr
would, seek expansion elsewhere in Europe.

as Helland and Belgium Stayr would, seek expansion elsewhere in Europe.

Steyr's immediate ambitions for the UK are modest it hopes next year to sell between 200 and 300 trucks in the 13 tonnes range and above, representing Iper cent to 2 per cent, of the market. Total sales in the sector this year are expected to reach about 26,000t.

Deliveries to HR dealers will start before the end of this year. Steyr expects to have eight to 10 dealers inder contract by the end of this year, 20 by the end of the year, 20 by the end of the sand in eventilal hetwork of 1848 and in eventilal hetwork of 1848 and in eventilal hetwork of 1848 and in eventilal hetwork for the sand in eventilal hetwork in the nuvelling of its initial trucks range at next month's motor show in Birmingham, Steyr plans for UK sales to reach 1,000 units a year within the next four years. That is more than double its target for the Netherlands over the same period.

Dr Voisard, who made little

sitempt to gines over the company's continuing financial problems; said Steyr's truck production was now on a firmly upward trend its trucks are now also assembled in Chine, while output in Europe alone this year, would be about 1,000 units, higher than the 2,100 of 1887; rising to 3,700 units in 1989;

The vehicles use a number of UK-produced components, including axies, and transmissions built by the British subsidiaries, of US multinationals Rockwell and Eaton respectively, as well as axies from GKN, the UK components group.

GKN, the DK components group.
Steyr has also forged ties with ERF, the independent British truck maker based in Cheshiri, under which ERF is using Steyr caba für ERF's own truck range. While neither company will provide betalls, they are understood to be represented.

sidering even closer collabora-tion.

Steff's group financial results are expected to show continuing losses, but possibly reduced ones, after recording a loss of Still illin (245.4m) in 1968. It has received substantial Austrian government assistance, but; Dr. Yolserd yesterday insisted; "we are once again on solid ground."

Scottish electronics gap to be filled by Japanese

By James Buston, Scottish Collectiondent

Tarmac unveils £250m plans for expansion

By Andrew Tayler

PLANS to spend Pisem over five years on quarries, plants and equipment were announced yesterday by Tarmac, the construction and building materials group.

Development of a 240m suber-quarry at Chiffe Hill, Leicestershire, is already underway, it is one of 10 new quarries and sand and grayel pits proposed by Tarmac, Planning permission for pits has been secured for sites in Derbyshire, Humberside, Cheshire and Cambridgeshire, A reck quarry at Ravelrig, near Edinburgh, is also being developed.

Tarmac's other plans include the development of 12 blacktop manufacturing plants, 20 ready mix concrete and mortar plants and 10 waste disposal sites. By Andrew Taylor

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edarget

28.00H

"THE MD NEEDS A HARD COPY OF THESE FIGURES "RELAX, I'LL PANASONIC IT."





Panasonic

Current account deficit in 1989 'could reach £16bn'

THE DEFICIT on the current account of Brisin's balance of payments is likely to turn out at £13 or £14bi this year and may rise furtler to £16bi in 1989, one of the City's leading forecasting grams says today. 1989, one of the City's leading forecasting groups says today. Deficits of that magnitude imply that interest rates will remain at 12per cent well into next year, with the risk that a collapse of onfidence in sterling could drive them still higher, according to economists at Coldman Sachs, the US investment bank. US investment bank.

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A CONTRACTOR OF THE PARTY OF TH

Their roort warns that no major industrial country has been ableto run deficits of the size now facing Britain for very log without facing severe exchange rate prob-

So although the significant tightening of monetary policy already undertaken by the Government could allow a "soft landing" for the economy, that scenario could be "blown apart" by a loss of international confidence in sterling.
Goldman Sachs predicts that the economy will grow by around 4 per cent this year, but domestic spending may rise by as much as 6 to 7 per cent, implying a continuing surge in imports it predicts. surge in imports. It predicts investment will increase by 12

per cent and consumer spending by 6 per cent.

The ratcheting-up of interest rates over the last few months, however, should slow the growth of demand in 1969, with the Treasury likely to remforce

that process by restricting tax cuts in the next budget to per-haps £1.5bn, despite a much higher than forecast public sec-

In the meantime, the measured rate of retail price infla-tion may accelerate to nearly 7 per cent early next year in response to higher mortgage

More optimistically, however, Goldman Sachs says that there is a chance that interest rates at or above present levels will underpin confidence in the pound and allow the current account deficit to be financed without a collapse in sterling's value. It concludes: "On this assumption, the real disaster—a take-off in trend inflation

Six more franchise areas for cable television advertised

BRITAN'S Cable Authority yesteray advertised six new cable elevision franchises, covering nearly 750,000 homes, in a jurther indication of ed confidence in the futureof the industry.

Mr on Davey, director general if the Anthority - the body hat regulates cable tele-vision - told a marketing conference in London yesterday that he was also beginning consulations on a further five

the wiole country already franchied or in the process of franchsing: that represents over an homes in total," Mr Davey told calle marketing

The recent jolicy of the Cable Authority has been to advertise new funchises only

when there have been serious expressions of interest with evidence of financial backing. Some of those who have expressed interest in the six new franchises – two of which are in England and four in Scotland – will depend on US finance, the current driving force of the UK cable industry.

At the moment 265,000

homes subscribe to some form of cable television service in the UK, including 48,000 in the 10 modern franchises which are already operating.
"I have no doubt at all that

we shall be seeing dramatic increases in cable's penetration over the next two years," Mr He also listed a wide range of other cable television chan-

Channel and the Discovery Channel concentrating on nature and travel documenta-Other new channels include Financial News Network, the

> channel to supplement Indra Dhnush, the Asian channel already carried on four British cable networks. Apart from the 10 cable fran-

Silent Network for deaf view-

ers and an Afro-Caribbean

They include two successful US channels – the Disney

chises already in operation a another 15 have been awarded, some of which will launch services soon. Franchise applications are

now now being considered for a further seven areas including the largest franchise advernels he said were planning to tised in the UK so far, covering Birmingham and Solihull.

overcharged company

by £236,000 By Della Bradmaw

S & W BEREFORD, the commodities, roperty and financial service group, has been overcharge by British Telecom (BT) or its telephone bill by pagette contents bill by nearly s quarter of a

BT has refuned £236,090 to the company ollowing the ent of a number of incorrect bills over speriod of eigh-

teen months.
Mr Michae Carrington, group administration manager for Berisford said the com-pany's phon bill from BT should have been less than £80,000 for th same 18 month

More that two-thirds of Berisford's communications traffic is hadled by Mercury Mr Carrigton is still in

negotiation with BT over interest paylents.

The problems with the telephone chartes began when Berisford myed premises at the end of 986 and installed telephone lies from both BT and Mercur Communications.

A sequence of BT bills arrived with bore no relation to previou ones.

BT responded yesterday by saying therror was the result of enginering work which had to be carried out when Berisford loved offices.

The extint of the overcharging was ascovered when Mr Carringth called in the telecoms cosmitancy company Octagon/felecommunications Service/in June, to investigate tirbills.

According to Octagon, over £230,00 of the amount was due a miscalculation of metericadhigs.

In ddition BT was charging Berkord for 52 exchange lines what the company only had

Apokesman for BT empha-sise the telephone company was satisfied that the Beris-

for case was an isolated inci-det of overcharging.

1 April 1987 the Bank of Egland settled with BT after bong overcharged by a similar queter of a million pounds.

More recently Clark's, the soe manufacturer, confirmed had been overcharged by 83,500 over four years for tlephone lines it no longer

Nearly half the complaints sceived by Ofiel, the telecom-nunications watchdog, are bout bills from BT. Nearly all of those, however, are from mestic rather than bu telephone subscribers.

Oftel says it is confident that the incorrect functioning of telephone meters is very rare, but it is pushing for BT to introduce itemised billing throughout the country to give customers more confidence in Technology, Page 14

B Telecom | Apple wins contract with Arthur Young worth £3m

APPLE, the US-based professional personal computer manufacturer, has won a sig-nificant round in Britain of its fierce battle with IBM for the lion's share of the corporate

microcomputer market.

Arthur Young, the international accounting and management consultancy firm, has said it intends to install some 1,500 Apple Macintosh computers, worth over £3m, in its 22 UK offices over three years. Arthur Young's audit prac-tice has already standardised on the Apple Macintosh for its professional staff worldwide; it is understood that in the UK,

the Macintoshes will, in many cases, be replacing IBM-compatible personal computers.

Mr John Howells, director of Arthur Young's audit practice said yesterday. "The combination of our audit and accounting software and a commuter. ing software and a computer that is so easy to use will free professional staff from many of the mechanical tasks of audit-ing so they can spend more time on the complex issues

arising in today's audits."

Apple's success is significant because it represents another victory for its innovative approach to personal computer

Monsanto joins university in research venture By David Thomas,

Education Correspondent OXFORD UNIVERSITY has signalled its intention to become more fully involved in the exploitation of research by establishing a joint venture company with Monsanto, the US pharmaceuticals group, to exploit the results of a large-scale research programme in advanced biochemistry.

It is also to set up a new company, isis innovation, to exploit inventions arising out of research at the university funded by research councils and other bodies, where the rights are not already tied.

The joint venture, Oxford Glycosystems; is developing medical applications from the research. The university holds an equity stake in Oxford Glycosystems, the first time it has taken a shareholding in a company involved in continuing research.

Other stakes are also held by Monsanto and two venture cap-ical groups, Advent and Alafi

Oxford is able to take a hig-ger role in exploiting its research because of the abolition of the monopoly of the results of Government-funded research previously held by the British Technology Group.

The university receives about 230m a year in research grants and contracts, of which about 417m comes from UK research councils and Government departments, with the bulk of the rest from industry

and charities.

technology. It has pioneered for commercial use a technique originally invented by Xerox Corporation in which the user

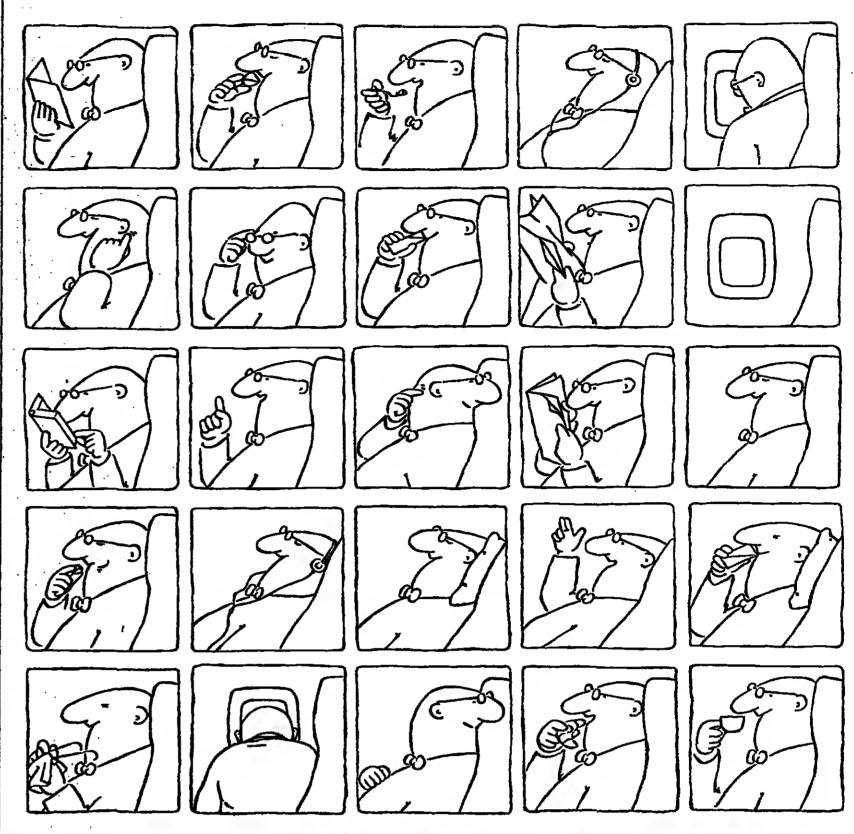
on the screen and through menus of activities. Research studies have shown that the Macintosh approach is easier for executives to learn and that users enjoy working with Macintoshes rather than the more formal IBM-style PCs.

communicates with the com-puter through small pictures

Arthur Young said yesterday that it planned to develop a company-wide comprehensive office system based on the Macintosh designed to enhance the links between professional and administrative staff.

Although Apple has won a series of orders over the past two years as large companies have learned how simple the Macintosh is to use, IBM-style computers still dominate personal corporate computing. But the world's largest com-

puter company has realised that its small rival has the right approach. At the end of this year, IBM will launch "Presentation Manager", its own version of Apple's graphi-cal interface.



Swissair Business Class passengers find time flies, even on long flights.

Please, carry on reading. Your favorite drink will be served immediately. With background music, if you wish. Will you be taking the turbot or the veal escalope? Naturally each course served separately on porcelain with real cutlery. Newspapers? A magazine perhaps? Of course. Would you prefer to go through your files undisturbed? Certainly. You are, after all, travelling in our Business Class surrounded by fellow business people. Excellent. But now you've earned a breather. That's right, a touch of the button lets you stretch out in lazy comfort. Close your eyes. Had a good nap? We hope you enjoyed your flight in our Business Class. Thank you for flying Swissair.

IMPORTANT ANNOUNCEMENT

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What headhunters owe to blighted recruits

By Michael Dixon

UNTIL this week the Jobs column believed that the prime motto for anyone considering changing employers should be: "Look before you leap". But I have just been convinced that those words are far too weak to be e sufficient warning of the risks such a change involves. The motto should really be Take nothing for granted at

What has convinced me is a letter from a reader in a pickle, who wishes anonymity for all concerned therein. Feeling it wes time for a move he recently epproached several of the better known executive-recruitment consultancies, one of which came up with what looked to be just the job. He will now continue the story

himself.
"I was placed in e company that was e corporate start-up for an entrepreneurial person who the consultancy informed me was extremely wealthy and

very successful.
"Six weeks leter I and another colleague who went through the same process a fortnight aheed of me have realised that the company in which we have been placed has no money, and nor does the supposedly wealthy individual. The whole thing is in fact a complete pack of cards. The only good news is that the headhunters' bill of £34,000 remains unpaid (there is £500 in the company account)."

Having been left "somewhat inconvenienced and ont of pocket", he asks what e decent recruitment consultancy ought to do in such a case.

The question is perplexing. My own view has always been that a change of joh is in the end e deal between two buyers, employer and recruit each in effect purchasing what the other has to offer. In which case, both surely have a responsibility to abide by the principle: "Let the buyer heware". beware

But the position is of course much complicated when a third party recruiting concern is involved. For instance, to what extent might either employer or candidate rightly expect the intermediary to check that the other's claims are fair?

Certainly most recruitment Certainly most recruitment consultancies evidently pledge that, if they should happen to be instrumental in selling an employer a pnp, they will compensate by finding further, suitable candidates without fee. Hence it is only just that, if they help to land candidates in a similar mess, they should find them further, suitable jobs free of charge. free of charge.

That, however, is easier said than done. For one thing the consultancies are more likely to prove successful at finding people suited to jobs — which is what they are in business to do, than finding jobs suited to

people - which is not. So some guaranteed money So some guaranteed money compensation would seem due to the blighted recruit. And in my view, the payment should be greater if the consultancy is of the search variety that took the initiative by inviting the candidate to consider the job, then if it was the candidate. than if it was the candidate who (like the unfortunate reader in the case) made the

US pay levels

NOW to the table allongside which, for the first time in this corner of the FT, provides indicators of top-management pay in the United States. The figures come by courtesy of Arthur Young International which, although the survey from which they are taken will not be published until later in the month, has made them the month, has made them available to the Jobs column's

readers in advance.
Unfortunately, all I can give
is averages for chief executives
and heads of five important functions. Anyone wanting to know about the full survey. which will of course contain far more data, should contact Melanie Abrams of Young's office at 7 Rolls Buildings, Fetter Lane, London EC4A 1NH; telephone 01-831 7130. The first column of figures shows the basic salaries, and the second the bonus payments which are largely of the

AVERAGE PAY OF US AND UK TOP MANAGERS 177,313 31,867 12,177 113,042 77,315 86,029 28.2 15.7 65,138 19,279 5,190 20,818 12,642 66,750 56,592 62,230 83.048 53,879 66,521 54,604 50,804 15,893 8,071 70,497 58,875 13.7 53,074 13,472 68,546 59,392

results-related kind. Next come the total rewards received in cash, then the percentage of the total made up of bonuses. I have converted the US averages into sterling at the London market's closing rate on August 25 - \$1.6995 to £1 - and, to provide some basis for comparision, linked them with corresponding averages for executives of similar rank and kind working in the United Kingdom for companies with a

The UK figures are taken from a totally different survey, the one made for the British Institute of Management this year by the Remuneration Economics consultancy (51 Portland Rd, Kingston-upon-Thames, Surrey KT1 2SE; tel 01-549 8726). Consequently,

even though the date of both surveys was January 1, the comparisons are at best

exceedingly loose.

Nevertheless it is safe to say that, the engineers apart, the Americans' living standards depend significantly more on incentive bonuses than do those of the British. Indeed Arthur Young reports that the share of US executives' pay tied to performance is now greater than ever before.

Mixed bunch

LASTLY today to three jobs offered by members of the Anthony Nevile International recruitment concern. Being unable to name their clients, they promise to honour any applicant's request not to be

identified to the employer at this stage of the proceedings. Mr Nevite himself is dealing with two of them from his office at 31 Castle St, Farnham. Surrey GU9 7JB; tel 0252 711311, fax 0252 783120.

711311, fax 0252 733120.

The first is for a business development chief, director-designate, with a London area communications company. The recruit will be responsible for finance strategy, including mergers and acquisitions, and for developing financial systems. Candidates ehould have success in like work, and have success in like work, and experience of launches on the unlisted securities market. Pay 285,000 with equity share. The other, also based near London, is for a top marketing manager skilled in leading the Europe-wide marketing of fa moving consumer-goods to win Continental sales for a UK

group. Fluency in German and French desired. Salary about 230,000, car among perks. Graham Walker, Nevile's consultant in Scotland, seeks a general manager there for a group's subsidiary producing "geotextiles" for use in civil engineering and construction. Candidates should have been responsible for the comm and technical development, as well as the manufacture of such materials. Salary around 225,000, benefits include a car. Inquiries to 69 Midton Rd., Ayr, Scotland KA7 2TW; tel 0292 287969, fax 0252 733120.

Corporate Dealer

Major bank with an impessive treasury operation in London seeks an additional corporate dealer. Candidates should have at less 3 years' experience of money markets, FX and options. Ability to work within a team environment is esantial. Salary will not be a limiting factor.

Please send full curriculum vitae p Nick Root at Michael Page City 39-41 Parker Street, London WC2B 5LH. Confidentiality is assured.

Michael Page City International Recruitment Consul London Paris Amsterdam Brussels Sydney

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For further details please contact Joe Reilly or Robert Digby on 01-583 0073 (or 01-870 1896 outside office hours).

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For a confidential discussion please contact Alexandra Hartree or Julian Fox on 01-583 0073 (or 01 584 1685 outside office hours).

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The person sought will ideally have worked for a minimum of two years in the Corporate Finance Department of a merchant. £negotiable

bank, stockbroker or accountancy practice. Alternatifely he/she could come from the Corporate Finance Departmen of a major industrial organisation. It is likely that the person will have an accountancy or legal qualification or an MBA. The job would suit a person with a flexible and entroreneurial approach who is prepared to be mobile in the linger term.

A generous salary package is offered with prospects of equity Please reply in the first instance in complence to Caroline Magnus, quoting Ref 908, at Overton Shiey & Barry, Prince Rupert House, 64 Queen Street, London C4R 1AD.

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THREE YOUNG PROFESSIONALS Age Mid 20's/Early 30's Generous package + Car Three up-and-coming institutional specialists are required to complete this new team. You should be self-motivated, have excellent communication skills, business flats, with an appetite for success and the rewards that go with it.

K151

Please contact Lawrence Barnett at our Manchester Office quoting the relevant reference number.

PUBLISHER/MANAGING EDITOR AUSTRALIA

Our client is a leading Australian investment group with activities spanning a broad range of businesses. Having researched the opportunities, the view is now that despite the existence of a strong business press in Australia and New Zealand, there is an opening for a highly prestigious monthly publication which would focus on wider business, economic, political and social issues. There would be considerable emphasis on interviews and profiles of company chairmen and business leaders, backed by well-researched, high quality features,

The Publisher/Managing Editor will be responsible to the Chairman of the group for the establishment of a quality magazine, aimed at senior business and socio-economic audiences, with production and layout of the highest achievable standards. A significant establishment budget will be available. The appointee will be accountable for all aspects of the magazine's production and market

performance, including its profit performance, and will have the ability to conduct a successful launch and implement a well managed development strategy. Applicants will need to have a

demonstrable ability to recruit and manage high calibre staff and to prepare sound ind sophisticated marketing plans. A successful track record in publicit is

Remuneration will be negotiable but vill be sufficient to attract outstanding candidate,

Location is probably Melbourne but is at to be finalised and, in any event, will requie significant flexibility to travel. Applications should be forwarded to

KV. McInnes, Managing Director, Spenor Stuart & Associates, GPO Box 3905, Sydney NSW 2001, Australia. Initial telephone enquiries may be directed to Helen Palesy, Spencer Stuar, London, telephone: 01-493 1238.

Compliance

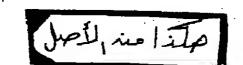
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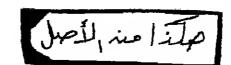
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management.
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be an advantage.
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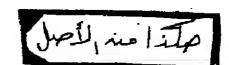
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MANAGEMENT

Chemicals

How Europe's big four are spending on R&D

By Peter Marsh

n the chemicals sector in Western Edirope big is certainly beautiful. The four largest companies — BASF, Hoechst and Bayer of West Germany and Britain's Imperial Chemical Industries — are each industrial giants with annual sales in the £11bn-£12.5bn range and with interests entircling the world:

The companies have recovered strongly from the recession at the turn of the 1980s when demand for bulk chemicals such as standard plas-

turn of the 1986s when demand for bulk chemicals such as standard plas-tics and fibres fell away and compet-tion became unbearably tight. In the past few years, the compe-nies have focused resources on spe-cialist, relatively high-value areas where competition is less strong and where they can sell products on the basis not of low prices but of solving particular problems.

particular problems.
Closely bound up with this change have been new methods of managing research and development (R&D). The goal has been both to focus this activ. ity on the most promising areas of commercial exploitation and to bring the research results more quickly to

the market place.
In parallel with these moves has been a tendency to decentralise R&D to ensure more of it, is done in harto ensure more of it is done in harmonisation with marketing and operating divisions and also to ite it in
with developments in countries away
from the companies' domestic base.

This last issue has become especially important as all four companies
have increased significantly the giographic spread of their operations
over the past decade, putting more
emphasis in particular on activities in
North America and Japan
An examination of the four companies' research strategies starts with

nies' research strategies starts with the aheer, size of their R&D operations. Between them the compa-nies employ 48,000 people on R&D and spend nearly 22.5bm a year on this

activity.

The thrust of the work at the four companies has chianged in the past decade to emphasise what the chaint-cals industry regards as growth areas. These include, for instance, industrial fibres, polyurethanes, coatings, high-quality engine, oils and high-value plastics for applications in aerospace and consumer goods.

and consumer goods.

The starkest change has been in biology oriented research linked with agrochemicals and pharmaceuticals. These areas, in the case of ICL Hoechst and Hayer, account for about half of all R&D; compared with about a third a decade ago when the bulk areas of chemicals like fibres and

BIG FOUR RAD
Hosekis. 1987 R&D spend — 2880m; 6
per cent of sales; 14:000 people in 8&D:
Centralised risearch policy, half R&D
workers in Frankfurt. 58 per cent of
research almed at biological sciences, 17
per cent materials;
Beyer. 1987 R&D spend £720m; 6 per
cent of sales; 12:000 people in R&D; 20
bisr Salt of research in US; 85 per cent
Germany, 12 per cent in test of Europe,
Healthcare accounts for 25 per cent of
R&D, agrochemicals 25 per cent; fiftermation technology 19 per cent; polymers
17,per cent.

mation technology 19 per cent polymers 17per cent.

17per cent.

18ASF, 1967 RAD spend £500m; 4 per cent of sales; 12,000 people, About three-quarters of researchers in Lodwigshafen; RAD almed especially at biological softness, specially in thiological softness, specially in the lotwers.

18. £500m RAD spend; 4 per cent of sales; 16,000 people in RAD, 52 per cent of sales; 16,000 people in RAD, 52 per cent biological sciences, 22 per cent materials, 70 per cent of RAD in UK but trying to increase presences in attentions.

basic plastics dominated R & D.

In the case of BASF, which conducts only about a third of its research in biology based areas, the switch has their somewhat less, largely die to the fact that BASF is a much smaller player in the pharmacentical industry compared with the other three concerns.

Techniques for deciding on areas of research emphasis vary between the companies. ICI has several loosely organised scientific committees which attempt to look ahead to decide which are the relevant areas for the future. Hoetlist relies on more formal monthly meetings which bring together marketing and research people from the company's different division. Out of these gatherings comes an agreed research programme, which is changed every year — for each division.

each division: There has been a marked swing There has been a marked swing towards ensuring scientists operate in close collaboration with marketing and production colleagues. A resembler today lies to work far less in a vacuum than in the past, says Denys Henderson, ICFa chairman. Henderson, also points to a tighter focusing of RED resources. In the 1970 we wasted money by spreading our (research) cash too widely. To at least some degree, all the companies have introduced structures whereby senior research people, as well as supervising scientific programmes, are also part of a business

ramines, are also part of a bur team concerned with aspects such as marketing and production.

Arrangements of this kind are par-ticularly well established at BASR,

where researchers in areas such as engineering plastics and printing chemicals are involved in formal dischemicals are involved in formal dis-cussions with marketing colleagues on how to bring research work to the production stage. "We find this is a good way to concentrate on goals and targets." says Franz Brandstetter, head of R&D in R&SF's engineering plastics division. Policies of this kind may not always be easy to enforce. Scientists are often enotionally insuffed to group activi-ties and would rather work away on their own, according to Ginther Kin-

their own, according to Gunther Kin-est, a research co-ordinator at Bayer.

The research people may not like talking to the marketing staff but you have to keep asking them to do it," says Kinast.

Dieter Schorning, a research man-

ager at Hoechst, says the company has to have the power to assemble on a reasonably fluid basis groups of people from different disciplines to work on specific projects. Research today is about teamwork, says Schorning. Superconductivity provides one example where Hoechst brought scientists in areas such as physics,

entists in areas such as physics, chemistry, ceramics and information technology to work together.

All four companies make a distinction between relatively long-term research which is paid for out of corporate R&B budgets, and short-term, results-driven work done at the behest of operating divisions. The furmer area is generally characterised as unfettered, research, while the latter is more likely to be development. In all the companies that balance between the two kinds of work is roughly 20:30 in cash terms.

Where BASF and Hoechst differ from the other two companies is that

where BASF and Hoechst diller from the other two companies is that they have a much stronger centralised structure for their research. In these cases, half or more of all research staff work at company head-quanters, either at Lunwigshafen or Frankfurt. In the case of Bayer and ISA the research staffs are more geographically spread.

Both these companies stress the usefulness of having research activities in a variety of locations where research people may be better placed physically to haise with customers. Hermann Strenger, chairman of Bayer, is especially keen to boost his company's research involvement in Japan where the company does only about 3 per cent of its BaD, a figure he would like to see rise to 10 per cent by the mid-1980s. Strenger reckons that by doing this Bayer can pick up a lot of good ideas from the promising



work taking place in Japan in areas like agrochemicals and drigs.

ICI too, is encouraging the further spread of its research resources. It has in the past year opened up three new technical centres in the US and one in Japan to concentrate on new electronic and structural inaterials.

Sir Charles Reece, ICI's research director, says the proportion of the company's R&D that takes place in Britain will probably fall from 70 to 80 per cent over the uext decade.

Britain is a good place to do research but not necessarily development," he

but not necessarily development," he says. "We have to get this last activity nearer the market place — which is increasingly outside the UK."

increasingly outside the UK."

Another general tendency on the part of all the companies is to specify the R&D projects so as to get new product ideas into the market place ahead of rivals. This may mean more parallel studies involving, for instance, tests on a new drug for toxicity and efficacy, rather than waiting for the results from one pasce of work before starting another. The policy carries risks, of wasting cash in a series of studies into a product that never reaches the market, but increasingly this is the price the hig four companies say they have to be four companies say they have to be prepared to pay.

Managers have to heed the psycho-

logical pressures that may affect the way their research teams operate. A scientist, for instance, could become hedly demotivated if he or she works for years on a research programme that is ended without a product appearing. "The main problem scientists have to live with is frustration," says Bayer's Kinast.

says Bayer's Kinast.

Another difficulty, paradoxically enough, is if scientists become too carried away with turning their creative energies into products that they are trying to put onto the market quickly. As a result they shy away from doing anything truly innovative.

"For research people it can be a major incentive to develop products that are sold," says Hans-Uwe Schenck, who is in charge of life sciences research at BASF, "Short term success can be very rewarding. We

success can be very rewarding. We may be faced with the task of attempting to remotivate people to spend more time thinking long term." For all the efforts the companies have made in honing their strategies for R&D, everyone knows that luck plays a big part in deciding whether s marvellous scientific idea turns into a big-selling product or a flop. Few research managers are deluded into thinking that they can forecast the shape of future advances or how they will work their way into the market.

The qualities a chief executive needs

Alan Cane on leadership in the future

ohn Thompson, chairman of European operations of the Index Group, an international management consulnational management consul-tancy based in Cambridge, Massachusetts, paints a clear it daunting — picture of the qualities he believes chief exec-utives will need if their compa-nies are to survive the chal-lenges of new competition and technological change in the next few years.

next few years.

Leadership of a high order is the first priority, he explains, combining a profound understanding of the way technology can be used to generate new business opportunities with the courage to challenge accepted ways of doing busi-

Obvious enough, some might say, but such a conclusion does scant justice to the underlying analysis, built up over 15 years with Index.

Thompson's qualifications to make such an analysis are impressive. British-born, he was earlier this year voted one of the top 10 management information systems consul-tants in the US in a poll carried out by Information Week

magazine.

Business leadership is one of Thompson's chief preoccupa-tions. He believes that there are too few chief executives around with the right combina-tion of leadership qualities to enable their companies to weather the storms ahead.

While be accepts that there is a world shortage of executives with the right stuff, he argues that the UK is particu-larly disadvantaged, the result of an educational system poorly tuned to business needs. "Leadership," he says, "is not about management skills or about technical competence. It is about paradigms, mental models of the business. The executive exhibiting true leadrship must constantly re-create the organisation, challeng-ing the existing ways – and that takes real courage."

He sees two major trends in the way companies are using information and information systems today. First is empha-sis on controlling the "chan-nels", the links between sup-

plier and customer. Studies of the effect of information technology on business over the past few years have tended to focus on a few well-known case histories — American Hospital Supply Cor-

poration, for example, or American Airlines.
For the most part those studies dealt with the use of technology to "lock np the channel"; a supplier, for exam-ple, provides clients with a telecommunications network to facilitate the ordering of goods, going on to agree to provide the client with a range of goods from other manufacturers provided the network is used to make the order.

The power of such systems is now well understood, Thompson says, not just by an elite but by a wide range of businesspeople. The ground rules are becoming recognised: know your customers, ease their operations and form strategic alliances to benefit them.

"People are now aggressively looking at their manufactur-ing, sales and distribution to see how information technology can be used to transform the way they do business—and the single European market in 1992 is accelerating that process," Thompson concludes.
"It is difficult for any company to think about its European strategy without considering its channels of distribution."

Second, he says that senior executives are saying "enough is enough" where their existing data processing systems are concerned. They feel impotent and frustrated because their ability to change their existing systems is limited by massive investments in hardware, operating software, applications

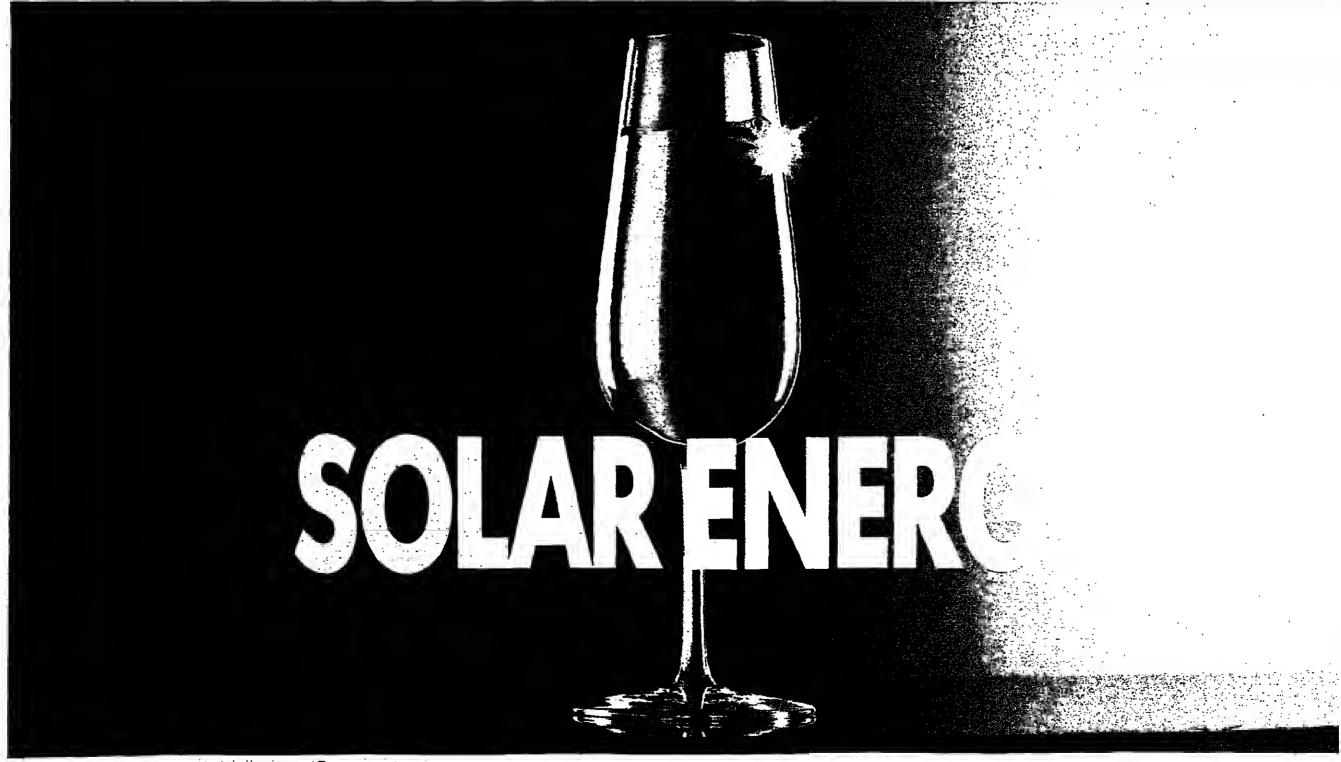
software and people.
"There are constant worries about the cost of it all, the realisation that half of it is junk and of the difficulties of throwing it all away and starting

again from scratch."

A typical example is banking as a series of accounts identi-fled by account numbers rather than as humans with names and a series of accounts to that name. All the major banks are spending huge sums of money and vast amounts of time changing their traditional account-based systems to cusiomer-based versions which can be used as the basis for

new marketing initiatives.

Success in both of these areas requires leadership and too often it is just not there. Management is easy; leader-ship is difficult. It requires a breadth of thinking in which few people are schooled."





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WARM TO THE EXPERIENCE,

The bottom line for phone bills

elephone bills are often a cause of dissent. Last year nearly half the 24,000 complaints about British Telecom made to the Office of PABX or office telephone sys-Telecommunications (Oftel), the UK's telecoms watchdog, were about billing.

The vast majority of them came from domestic telephone subscribers, who claimed they

had been overcharged.

But Oftel has found a high degree of accuracy in BT's metering of calls. Preliminary research done by Oftel engineers shows that at any one time only one in 5,000 meters gets it wrong. And in most cases, the meter stops working, which means the subscriber gets extra calls free of charge. For business users the mistake is usually in the number of telephone lines or the amount of equipment being rented, such as telephones or private telephone exchanges

When the error involves a large bill and is compounded over e period of time, as in tha case of S & W Berisford, the food manufacturing and commodities trading group, it can add up to a lot of money: Berisford was overcharged by £239,000 over 18 months.

Jobn Hunter, managing director of Octagon Telecom-munications Services, the com-pany which discovered the error in Berisford's bill, says it is getting more difficult for companies to sort out billing

"The cost of people's phone bills is going down because of competition. But the downside is that management has to put in more effort because it now has so many suppliers," says Hunter. "Companies used to rent their telephone lines, tele-phones and PABX from BT. Now they get their lines from BT and Mercury, their PABX and phones from private sup-pliers and they have mobile phones or radio-paging to deal with as well. So it is far more difficult to work out whether

your phone bill is right or not."
Oftel is pressing BT to introduce itemised billing for all its customers – as Mercury Communications does. This would enable the customer to compare a list of calls made with

the telephone bill.
Until itemised billing is commonplace, call-logging equipment, which is incorporated in the more sophisticated teleequipment, attached to the PABX or office telephone sys-tem, keeps a record of all the calls made by each extension

As well as identifying which extensions are making too many calls to exotic locations, the system can indicate which extensions are being used too infrequently to be needed. It can also help customers to calculate whether they should be used to be a replaced to the replaced to using the public telephone net-work or dedicated leased lines for certain calls.
"The telephone system is the

last unmanaged thing in busi-nesses," says David Bacon, UK Sales Manager for Systems Reliability, one of the UK's leading network management leading network management companies. "Network management systems can help you sort out billing problems because they provide you with a means of verifying your phone bills."

In the UK, call-logging systems have now been developed which can analyse both

oped which can analyse both BT and Mercury telephone lines. Their cost ranges from £1,000 to £1m, depending on the size of the telephone network

However, these systems will not tell a company whether it is being charged for too many telephone lines or too much equipment. To solve that prob-lem Octagon is launching a software package called Asset Manager, which is aimed at companies with telephone bills of £250,000 a year or more. The package works on anything from an IBM personal com-puter to a mainframe.

The Asset Manager database keeps an inventory of all the telecommunications equipment, lines and services at a single site or on several sites belonging to a network. It also stores information about charges. So when a telephone bill arrives the company can compare it with the result from

Every time call charges change, the database is updated. Asset Manager can be bought in four modules, for public network services, private network services, site equipment and mobile equip-ment. It costs from 26,000 to

Della Bradshaw

ive strategic areas: that was the plan when Flessey's chairman, Sir John Clark, embarked on a corporate shopping spree last year. Now those five areas of electronics are in ive strategic areas: place: aerospace; computer services; defence; semiconductors;

elecommunications.
The City saw the acquisitions as a series of defensive moves to fend off a hostile takeover bid. It also questioned tha wisdom of expanding into computer services and was sceptical about the potential sceptical about the potential for profit in the defence sector. The company, however, asserts that the purchases were part of an overall technology strategy. The basis for this was the belief that electronic systems would become more complex. would become more complex and more beavily interdependent. Professor William Gosling, director of technology, says thet all the takeovers were planned with what be

At the heart of the electronic systems is microchip technology, hence Plessey'e acquisition of Ferranti's chip subsidalso make big software demands, one of the reasons Plessey decided to launcb a £164m bid for Hoskyns, the UK computer services and facilities management company.

The Hoekyns acquisition also gave Plessey its fifth business area: service provision

"hyper-complex systems"

ness area: service provision rather than equipment manu-facture. Gosling believes the facture. Cosing believes the falling price of computer hard-ware coupled with the increas-ing complexity of electronics systems will encourage companies to use third parties to organise and run their electronic infrastructure. "If you're a mechanical engineering com-pany then you want to concentrate on mechanical engineering, not on facilities management."

Plessey is planning to limit its holding to between 70 and 75 per cent of the shares, so that Hoskyns can retain its separate Stock Exchange list-ing Plessey's theory is that an independent company is more likely to win facilities manage-ment contracts with organisations that have equipment from several vendors. Indepen-dence is also likely to reduce the exodus of highly trained

The philosophy of buying in complementary technology is not unique to Plessey. It was behind such moves as Ferranti's merger with the US defence firm International Signals.

Mike Rappolt, chief executive of consultants PA Computers and Telecommunications, points to several large technol-

Plessey's 'hyper-complex' vision

Della Bradshaw assesses the long-term goals that have prompted the UK electronics group to purchase companies with complementary technologies

ogy companies, including IBM, which are following a similar strategy. "I also believe that was behind British Aerospace's decision to buy the Rover

Rappolt agrees with Gosling that more complex and inte-grated systems are the way forward. However, he warns about the difficulty of "back-engineering" — taking two mature systems and trying to re-engineer them to talk to each other. "Back-engineering is a very difficult trick to pull off, because the systems have not been engineered to any specific standard."

Plessey'e recent acquisitions fit in neatly with the theory of integrated systems.

• A few weeks before the Hoskyns bid, Plessey agreed to acquire Singer's Electronics Systems Division (ESD), which gives the company aerospace technology in airborne com-mand and control systems. Singer ESD is the US Airforce's prime contractor for a system that paesee information between aircraft, called the Joint Tactical Information Dis-

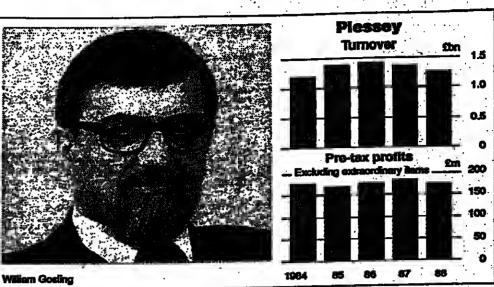
tribution System (JTIDS).

Plessey already has experience in naval command and control systems and in land-based ones through its Ptarmigan communications system for the British army. It plans to use the Singer ESD acquisition to develop interworking ground-to-air and air-to-sea command and control systems. The company is also planning to integrate the aircraft management technology, which it gained with the Canadian firm Leigh Instruments in March 1987, with the Singer ESD technology.

The purchase of the special defence and industrial

activities part of Fisher Con-trols, which in turn is part of the Monsanto group, bolsters its interests in measurement and control systems. Plessey Controls already supplies such systems to both military and ivilian markets.

 In the defence sector, Ples-sey decided last November to expand its anti-submarine warfare capabilities when it bought the American company Sippican. Sippican is a special essary evil, even though ist in expendable items such as sonar buoys, listening devices which are dropped from air-craft into the sea. Its product tronks group, and several of



ACQUISITIONS August 1988 Flaher Controls SDIA £164m Anti-submarine warfare equipment

line complements Plessey's towed-array sonar technology (buoys which are towed behind ships to listen for underwater noises.) Plessey bought in that technology when it acquired the small British firm Ameeco Hydrospace three years ago. "Anti-submarine warfare used to be ships with sonar on

them. Now it's a more complex collaboration between a number of ships and aircraft con-trolled from a central point," says Gosling. "Sippican is a brick in that network. As you can see, we're groping towards being able to put together these byper-complex systems."
Gosling is confident that the strategy is right. "The technology mix is excellent - if you believe in the future of hyper-

complex systems."
In the City there is less optimism. Plessey's decision to sink its cash into defence companies has been seen as a necthe large American defence contractors already have the in-house ability to build systems which incorporate a number of technologies. Plessey had to buy in the relevant technology to compete. The only alternative was to get out

But its decision to buy into computer services, a new area of business, has been greeted with confusion, particularly about the role envisaged for the software house. The high price tag on Hoskyns may indi-cate that its value to Plessey lies partly in the scope it gives for further purchases, probably in the computer software area. Gosling confirms that. There are several possible scenarios. Plessey could buy another service company, Plessey could grow to become a service company; or Hoskyns could buy another company. Another possibility is that Plessey could use Hoskyns to move into commercial rather than military communications systems. As telecommunica-tions liberalisation gathers

pace in Europe, Hoskyns could run both computer-based tele-phone networks for multina-tionals on a third party basis, and commercial value added data networks which a number of clients would use. That would be an important

advance in the light of Plessey's decision to put all its telecommunications manufacturing operations into the joint venture companies, GPT (in which its partner is GEC) and Orbitel (the mobile radio ven-ture with Racal) A move into telecommunications operations would be welcomed by the City

in the wake of Racal's success with cellular radio.
Goeling says that it will be essential for old and new companies within the group to exchange information about future products.

Plessey Semiconductors will see product developments from the new divisions up to 18

months before rival companies, and so should be able to engineer chips for those systems ahead of its competitors. Similarly, Singer ESD and Leigh Instruments will get a preview of advances in semiconductors.

of advances in semiconductors. The joint venture companies will have access to the chip technology at the same time as the wholly owned divisions.

In addition, Plessey provides research work for GPT and Orbitel. Gosling says of the two companies: "They've got separate marketing perceptions and build separate products. When they attack the same market they do so from a different viewpoint."

However, he does admit to

However, he does admit to some duplication with Hoskyns. Pleasey's information engineering division, at Addlestone in Surrey, with a turnover of between 210m and 212m in facilities management, will eventually become part of

will eventually become part of Hoskyns, he says.

He is highly critical of the McKinsey report on the future of the UK electronics industry, published by the National Economic Development Council (NEDC). The report lambasted Britain's leading electronics companies for lacking strategic control over their divisions and companies for lacking strategic control over their divisions and being too reliant on low growth areas, such as telecoms and defence – both crucial to Plessey's business. Gosling counters by saying that not all aspects of defence are low growth areas. "For

are low growth areas. "For example, in a post-treaty era the need for surveillance equipment could grow."

ment could grow.

The criticisms of management, he says, do not relate to Plessey. The board primarily looks at the strategic issues. It was a central decision that we would concentrate on hypercomplex systems. What we have to do is make sure that the individual companies' strategies stay aligned with the

However, Gosling does have some sympathy with the anthors. "I think what lies behind the report is the view that all those video recorders have according to the country." in homes around the country shouldn't be Japanese. I sym-pathise with that, European companies have lost a lot of the home entertainment busi-ness, but Plessey never sought to address that market."

Although the five key areas are now in place, Gosling does not rule out the possibility that other companies could be acquired. "We haven't lost our cheque book yet."

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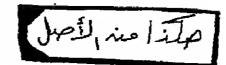
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Formula drama bodes ill for the future

offer no apology for returning to channels to uphold the same stan-the question of what is happening dards."

As debating points none of them can a result of Thatcherite plans for the industry in the nineties. Nobody knows what the future holds for satellite and cable in Britain: perhaps they will be a huge commercial success and perhaps there will be greater pro-gramme diversity than ever before. On the other hand perhaps standards will be driven down in a vicious ratings battle and many millions (many more millions) of pounds will be lost. What seems unmistakable is the effect which

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seems unmistakable is the effect which is already occurring on our screens. With paramais and depression spreading among the programme makers as Thatcherite thinking throws doubt on the preservation of the very foundations of the business — the BBC liceoce fee, the ITV system, Channel 4's remit—there is an almost universal consensus about the sad effects more prosus about the sad effects upon programme quality. At the Edinburgh Television Festival only one or two voices were raised in defiant optimism against the background drone of dispirited com-

Steve Morrison, promoted fairly recently to Director of Programmes at Granada, remarked that the industry was suffering from the pain of anticipa was suffering from the pein of anticipa-tion: "There is a cloud of gloom and fatalism hanging over us. We all seem to agree that things will get worse and there is nothing we can do about it." Yet he disagreed, claiming "Ws don't have to jettison all our higher quality ballast just in order to fly higher in the sty."

He made four suggestions aimed at aveiding the widely predicted collapse of standards. First that Channel 5 supported by local advertising. Secondly that in a subscription system "a few people may pay a lot for what they want." Thirdly that international co-production should be encouraged. And finally: "I cannot imagine a Con-servative government, particularly one under Mrs Thatcher's moral leadership, would want ITV to ahandon its commitment to three hours adult education a week, two hours religious programming, over two hours factual programming in peak time, and many hours of national and regional news and current affairs. Surely then the Government ought to oblige any new land-based

be easily dismissed. The trouble is that they may already be irrelevant. Mr Morrison's counterparts in other ITV com-psnies already have their contingency plans to slim down and even abandon education, religion, and peak time cur-rent affairs, if (when) the going gets tough. Channel 5 could be devoted to local broadcasting without having much effect upon the terrestrial/celestial battle among the big boys; and sub-scription will work only if satellite and cable systems can be made to pay in a

big way.

Meanwhile, before any of them have got off (or under) the ground, the exist-ing system and existing programmes are changing. Consider big-budget drama during the past week. Out Of The Shadows was a 110-minute ITV

should lack its share of such glossy, mindless, repetitive, time-fillers given that there are plenty of viewers who seem to want such stuff. The danger is that we shall not be offered anything much else. All Creatures Great And Small, the popular series about York-shire vets which the BBC began 11 years ago, returned with yet another series on Saintday. It is better directed than the Charles Dance vehicle, better acted, has a stightly better script, and there are one or two wry and telling jokes about character. But this too is created to a rigid and familiar formula and is primarily concerned not with any artistic truth, nor expression of a powerful individual voice; its chief con-

cern, again, is ratings.

Sunday brought three hig budget productions. The Attic - The Hiding of auctions. The Attic - The Hiding of Anne Frank was yet snother version of

There is no reason why television should lack glossy, mindless, repetitive time-fillers given that there are plenty of viewers who seem to want such stuff. The

danger, Christopher Dunkley argues, is that we shall not be offered anything else

travelogue thriller with Charles Dance playing a detective, and a young Ameri-can across named Alexandra Paul as the naif from the US embassy who falls in love with him. The opening words on the glossy promotion folder are: "Mediterranean passion, international crims, and sudden death, produce the perfect recipe for an irresistible romance set among the sun-baked Greek islands."

The key word is "recipe."

This is formula drama: safe, predictable, easy on the eye, bereft of any ambition other than international sales, indistinguishable from the previous dozen television thrillers shot on Mediananan locations. terranean locations. There is nothing terribly wrong with it (though the script is slow, the direction ordinary, the acting never more than competent and if you were stuck for 12 hours in an airport lounge you might watch it for half an hour as a break from reading the latest soft-poin paperback by Shir-

the familiar story, which was re-told so recently by the BBC as a Sunday tea-time serial. This time Anne herself was virtually ignored, and sentimentalised on the few occasions when she did appear. Events were observed from the standpoint of Miep Gies, who helped hide the Frank family, and so Miep was played by American star Mary Steen-

She was competent enough, though lacking any flair or personal vision; the Nazi half-tracks and Amsterdam locations looked good; the names of Paul pretty familiar sort.

Scoffield, Eleanor Bron and Ronald British television drama has rested Pickup presumably add a touch of class to the sales brochure; and another two hours in the FTV schedule has been filled with material wholly acceptable to Lord Rees-Mogg and Mary Whitehouse: nothing fresh, nothing new. nothing in any way worrying or stretch-

ing.

171 Take Manhatian is an American.

171 Take Manhatian is an American. mini-series cloned off Dallas but set in

New York and London. This time the transatlantic casting is the other way about Francesca Annis is the token about Francesca Annis is the token Brit and (so far) she has been given most of the token sex scenes: being peeled out of a write silk negligee, having it off in a phone box — well, almost — and so on. It is merginally less erotic than the "Jame" strip in the Daily Mirror, though the clothes look more expensive. There is absolutely nothing expensive. There is absolutely nothing to choose between it and any episode of Dynasty, The Colbys or Knets Landing. It will selt, if it has not already sold, all

over the world.
Significantly the two dramas standing outside this stream of schlock were both BBC productions. Between The Cracks offered us the experiences of some of those who "inhabit the cracks in Thatcher's wealthy Britain." You could not call it formula-ridden or familiar, but nor was it particularly impressive, and it was clearly produced on a fraction of the budget provided for the dramas described above.

Across The Lake written by Roger Milner, produced by Innes Lloyd and directed by Tony Maylam, was the nearest thing in the week to a truly original piece of drama which actually bad something to say. What it said was that Donald Campbell was a charming womaniser whose obsession was not speed so much as records, and who was driven - to his death eventually - by the need to live up to the image of his father. It was well acted and well

If all this week's television dramas d been shown in a cinema, and you had sent a friend to sample them and asked "Are any of them worth the price of a seat?" this is the one to which he would have said yes. Yet even Across

The Lake (a BBC production In Association with Challenger Investments) was a highly commercial piece of work of a

its laurels for an ominously long time on The Singing Detective of 1986 and Edge of Darkness from 1985. If we are not to conclude that fear of the television star wars to come has already knocked all the vigour, all the spirit, all the risk and excitement out of big-budget drama production in Britain and replaced it with safe, international for-mula drama, then something notable

were willing to advance Hauer the money in order to end the

Patience bas been a virtue at

other Venice films. Theo Angelopoulos's Landscape Of Mist is the latest journey movie from the Greek maker of The Beckeeper: a foggy fable of two runaway children hurled on

the mercies of the road and

suffering loneliness, existential

crisis and bad weather. Turn

from this bitter pill and you

meet another in Portugal's

Hard Times. Joan Botelho's

Dickens updating has bor-

rowed the Master's plot and characters but lost his wit and

vivacity. Result: two hours of

tableaux barely vivants, as exhilarating as a night in

Thank goodness for the US

cavalry. The lusty blowing of bugies preceded the arrival of

crack troops from Hollywood:

including the delightful com-edy Big and the animation tour-de-force Who Framed Roger Rabbit. (More on both

when they open soon in Britain). And week two in

Venice promises the most dra-matic American epiphany of

all. Martin Scorsese's The Last

Temptation Of Christ arrives in town along with its director, and there are already rumours

that the Vstican is tying to head them both off at the pass.

Watch this column for further

Madame Tussauds.

David O'Hara, Diane Fletcher and Nigel Terry

The Bite of the Night

THE PIT, BARBICAN

Even by Howard Barker's own uncompromising standards, this is a sternly demanding evening of bunker theatre in the aftermath of war, dispirit-ingly bolted to the Barbican vanits in the wretched Pit.

Those cavils stated, Barker's Rite (no worse than a hiter's bark) is a work of rambling, often esstatic, significance in its attempt to wrestle to the ground the classical mythology of Ancient Greece. Like it or loathe it, there is no ques-tion that this is one of the boldest theatrical ventures of the year. Like Botho Strauss's The Park, it initiates a culture clash between past and present while conducting an illus-trated debate on the nature of

The setting is a ruined university, but also a burnt-out Troy at the end of the ten year siege by the Greeks. Savage (Nigel Terry), a classics scholar, goes in search of Homer and Helen bearing on his back his father, just as Aeneas bore Auchises through the flames. Finally, Savage, whom Terry projects as a steely, dangerously genial, bespeciacled amalgam of Mar-lowe's Faust and a pedantic sycophant, will be reunited with Crensa (the name of Aeneas's wife) on a large bedcum-funeral pyre strewn with hacked limbs, this a direct par-ody of Odysseus's reunion with Penelope at journey's

Homer himself (Mark Dignam) is a blind poet, impotent and uninvolved, whose unwrit-ten account of atrocities ("I didn't think there'd be a pu lic for such a song") Barker has unearthed. Excavation as an act of scavenging icono-

clasm. Casting himself in his usual role of a carelessly anarchic

Sleuth (Eisenhower). Stacy Keach and Maxwell Caulfield

star in the mystery pitting a writer against a mild-manner travel agent who's stolen his wife's affections. (254 3679). Cabaret (Wolf Trap Festival). Joel Gray leads the cast in a week long wight by the register

week long visit by the revival of the hit musical based on Christopher Isherwood's Berlin

reminiscences of the 1930s. (432

Kabuki (Kabuki-za). The morn-

ing programme, at 11am, includes Kago Tsurube, with Living National Treasure, Utae

mon, in one of his most famous roles as a sophisticated courtess who gulls a country bumpkin.

who guils a country bumpkin. In the afternoon, at 4.30pm, the progamme includes Ii Takro, a "new kabuki play" set in the 19th century at the time of Japan's opening to the West, as well as one of the most famous works in the kabuki repetuirs. Kanifacho (The Subscript)

ertoire, Kanjincho (The Subscrition List), in which a wily ser-

pursuers. Opens September 1. (541 3131).

(541 8131). Opera-za no Kajjin (The Phan-tom of the Opera), Nissei Thea-tre. Japan's leading musical com-pany, Shiki, acquits itself well in what is a virtual carbon-copy of the London original. The Japa nese translation is often awk-ward, but Andrew Lloyd-Web-hard of the market land.

ber's gift for musical pastiche, Harold Prince's romantically

evocative staging and Maria Bjornson's stunning sets and

costumes make for an enjoyable evening whether you understand the words or not. Ends September 20. (503 3111).

vant outwits his m

Sept 2-8

Tokyo

historian. Barker even resurrects in an epilogue the 19th century archaeologist Schlie-mann (John Carlisle) in order to ridicule the official research programmes. In a delicions final swipe, Schliemann the intellectually aloof guide picks out the questing, ignoble Sav-age in his party: "Are you on

In the jumbled storm of Barker's imagination, Troy is both metaphor and melting pot. His stew is stirred by a vandevillian soap boiler, MacInby (Clive Russell), a dealer in essences, who warns us not to find anything we expect. Away, he chants, with clarity, meaning, logic and consistency. Savage goes to Troy with a recalcitrant pupil (David O'Hara in spellbinding form) having dismissed his som (a mixture, it turns out, of Ascanius and Telemachus) to the world of commerce.

This boy, played with a Scouse insonciance by Jimmy Gallagher, finally produces a soap of hyacinth redolent of ths laurel Penelope gives Odysseus, though the "essential Helen" evades everyone. Here we come to it. Barker's Helen is the character who dominates the play, even as successive violations leave her an ageing torso on a trolley. In his 1980 RSC ten-play marathon The Greeks, John Parton included Euripides' satire of an absentee Helen sunning herself on an Egyptian sarcophagus. Barker wishes to refute the vain siren image later peddled by Marlowe and Goethe and presents Helen's eroticism as a source of politi-

cal power.

The core of this play shows how Helen is pushed from pil-lar to post by the Greek occu-piers (a well characterised bunch of terrorist things played by Gordon Case, Sean Baker and Steven Elliott) and systematically dismembered. Once the Menelaus figure, Fladder (Michael Cadman), has his tongue removed, Helen loses legs, then arms, then breasts, but never her dignity. Diane Fletcher plays Helen with a power and magnifi-

cence that relates the role directly both to classical notions of stoical endurance and to the war victims of Brecht and Edward Bond. With cropped hair, a mocking delight in her own sexuality and a fearless incantatory delivery, Miss Fletcher plants the riveting notion that Helen was less the cause of a war than its very terrain. The education of Savage is

less clearly charted, and Danny Boyle's otherwise confident production, played in a grey void around four charred stumps (Helen and Troy) designed by Kandis Cook, fails to energise this area. The writing here is fuzzily sententious, too. But the Bondian vignettes of war and death in various Troys of paper, pleasure, bables, illiteracy and cleanli ness (more soap), are well ani-mated by Janet Amsbury as Helen's daughter, Darlene Johnson as Creusa and a gen-erally and palpably enthusias-

If the RSC directorate was equally enthusiastic or daring. the play might have been risked on the main stage it clearly merits. As a contemporary companion piece to Bar-ton's *The Greeks* it should have been given the full treat-ment. The RSC's own Barker season of three years ago surely indicated the utter futility of sounding off like this in studio theatre conditions of elitist and depressing security.

Michael Coveney

Mamet's film noir is front runner for the Lion

Nigel Andrews battles his way through bureaucratic red tape at the Venice Festival colleagues, and all three of us

A common delusion of film critics under stress is that each new festival is identical to the last one at the same venue. Cries of "Surely I have been through these films before?" ring each year down the Croisette at Cames or the Kurfur-

stendamm at Berlin.
But there have been moments at the 45th Venice Film Festival when this seems less a delusion than a reality. "Wasn't it *last* year's compet-tion" queries the critic, "that boasted a new Ermanao Olmi film, a new David Mamet and a new Alan Rudolph?"
Yes, it was. But here are all

three directors again, bearing new movies. And here once more is the annistakable Venice atmosphere of Italian bureaucracy hurling obstacles in the path of those trying to see them. The runaway red tape typical of this event was reduced last year, the first under new festival chief Gug-lielmo Biraghi. But it is back-for 1988. The screening times for the Press are wildly inhospitable: the day's two competition films are shown at crack of dawn and late evening respectively. And that is just one instance of Venice's determination to break down critical resistance by logistical

Another way is by subjecting foreigners to trial-by-italiansubtitle. (The alternative carphons translations in English are unendurable.) But hope is in sight with the introduction identities abound; the images

for some films this year of elec-tronic subtitling in English. Translated dialogue appears in bright digital read-outs below the screen - like opera sur-titles underneath rather than above the action. Gasps of approval went through the audience at the first, unannounced try-out of this technique. May it prosper and spread.

As it happens, the best two. films so far have been in English anyway. David Mamet's Things Change and Mike Leigh's High Hopes are both from film-makers with as firm a foot in the theatre as the cinema, and the benefit shows in their deliciously strong projection of story and character.

Things Change is as good as Mamet's debut feature, House Of Games, which scooped Best Script prize at Venice last year. Once again, a maze-like plot embroils a group of shady characters. This time an age ing Italian-American shoeshiner (Don Ameche) falls into Mafia hands. He is hired to take the rap for a rich murder suspect, but first he and his out-of-favour Mañoso minder (the splendid Joe Mantegna) decide to play truant for a weekend at a luxury Cosa Nostra hotel on Lake Tahoe. Thereby hangs the tale, with enough comic rope to do the same for the two main charac-

Misadventure and mistaken

flicker with the dark fire of film noir, and for his movies Mamet has evolved a wonderful line in Sphinx-like speech patterns. (His laconic screen dialogue is quite unlike tha hisgara eloquence that pours forth from his stage characters.) A single shot of Mantegna leaning his head against a hotel-room wall and anutering "O heck" — placed at the perfect point of plot crisis—got a roar of laughter from the Venice audience. With a beautiful veteran's performance dialogue is quite untile tha

tiful veteran's performance from Don Ameche dered, ornately Italian of accent - this movie is already front runner to capture the Golden Lion. Mike Leigh's comedy of confusion is not in competition at Venice, otherwise it might be

highly competitive. Instead it hirks in the no-prizes Critics Week. The director of Abigail's Party and Mean Time ventures into the lunatic fringe of British society, this time portray-ing a pair of leather-clad young radicals (Philip Davis and Ruth Sheen) trying to cope with life, with love and above all with Mum (his Mum):

Mum (Edna Dore) is a bit addled. Her chief speciality is locking herself out of her house and falling on the mercies of the champagneswilling yappie couple next door, busy importing Sloane Street vowels into the former alum street. The film also throws in a juicily pretentious sister (Davis's), yards of scat-

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terbrained Leigh dialogue (semi-improvised as ever) and a birthday party climax that is a small masterpiece of social caricature. Actually the whole film is a bit of a caricature: the comedy could use some sub-tiety now and again. But it is vary finny. And to judge by the response of non-Britishers the fun travels. Leigh bobbed up and down like a cork on the waves of applause after the

Two other English-speaking movies got more mixed responses. Alan Rudolph's The Moderns is a clever, brittle recreation of life among tha glitterati in 1920s Paris (Hem-ingway and Gertrude Stein included). But at two hours it tends to resemble great gift-wrapping in search of a pres-Ermanno Olmi's The Legend

Of The Holy Drinker is a disappointment from the director of The Tree Of Wooden Clogs and last year's Silver Lion winner Long Live The Lady (opening in London this week). In a Paris stitched together from co-production cliches, Olmi steers Rutger Hauer (hibulous tramp) through a tale of spiritual redemption involving a weird philanthropist (Anthony Quayle), St Therese of Listeux, and interminable scenes of wine-sodden self-pity. For rea-sons too complex to explain, Hauer has to pay 200 francs to a church and he keeps losing the money. I sat stupefied through the film between two

THEATRE

Easy Virtue (Gerrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than favor fever, but worth seeing, (379 6107). South Pacific (Prince of Wales).

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In order to exercise such option, the holder must deposit the Notes with The Bank of Tekyo Trust Company in New York City as Fiscal Agent or at the principal office in the city indicated helow of any of the following Paying Agents: The Bank of Tekyo Lid in Brussels, Hogstrong, London, Milen, Paris and Singapore; The Bank of Tekyo (Holland) N.V. in Amsterdam; Bank of Tekyo (Bolland) N.V. in Amsterdam; Bank of Tekyo (Coustachland) A.G. in Frankfurt/Main; The Bank of Tekyo (Switzerland) Ltd. in Zentich; during the period commencing on and including October 17, 1968 and coding on and including October 17, 1968 and coding on and including October 18, 1968. The Notes, if so deposited, may not be withdrawn without prior consent of the Company. Majesty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, credit cards 379 6131/240 7200). Follias (Shaftesbury). Bartha Kitt and Millicent Martin now

BANK OF TOKYO (CURACAO) BY THE BANK OF TOKYO TRUST COMPANY

Dated: September 7, 1988

Those who saw the original at the Victoria in London will berely recognise its US incarnation: the skaters do not have to go round the whole theatre but do get good exercise on the

spruced-up stage with new bridges and American scenery to distract from the backneyed pop music and trumped-up, silly plot. (886 8510). Me and My Girl (Marquis). Even

Me and My Girl (Marquis). Even if the plot turns on ironic minicry of Pygmallon, this is to classic, with forgetiable souge and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit. (947 0083).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1958 is a somewhat pretentious and obvious meditation on the true story of the French diplomat.

true story of the French diplomat whose long-time mistress was a male Chinese spy. (245 0220). Speed-the Plow (Royale). David Mamet applies his biting sarcasm and ear for the exaggerations of American language to Hollywood, in this screamingly funny and well-hieffed arnosi of the wood, is this screamingly intim and well-plotted expose of the film industry. (228 5200). Stranger Here Myself (Public). Angelina Roux performs two decades of Kurt Well's songs

Washington

SALEROOM

Top prices for Elton

Elton John, currently adding to his fortune with a tour of the States, became effortlessly richer yesterday as Sotheby's started to sell off the contents of his Windsor home. The effervescent entertainer is not hard up, just growing up.

He has abandoned the attention grabbing, colourfully camp, accoutrements of his youth and is seeking a more sedate image. It is a complete clear out, and judging by yes-terday's prices he will be much more than tha £3m richer anticipated by the saleroom.

The heroine of the morning sale was Hilary Kaye, the auctioneer, who was at the rostrum for an arduous five hours twenty minutes coping with hids from many first time buyers. Even so those hardy annuals of pop memorabilia sales, Hard Rock Cafes and Seibu of Japan, were persistent buyers. Most prices were way above estimate at the session, which totalled £421,185, double expec-

Top price was the £17,600. almost three times forecast, paid for a Wurlitzer juke box made around 1940, which played 24 of the dear old '78s. More remarkable was the £12,100 which carried off the giant fibre glass Doc Martin boots, almost five feet high, which Elton wore as a prop in the movie Tommy. They were estimated at np to £1,800 but R.

Griggs & Co of Northampton, the manufacturers of Doc Mar-tins, saw their promotional opportunities and went to the

Peter Nahum, the picture dealer, was picking np paintings, paying £5,720, within forecast, for a Bryan Organ por-trait of Elton wearing a Marilyn Monroe sweatshirt. and £4,400 for another Organ, this time of percussionist Ray Cooper. The top price was £6,050 for a portrait of Elton by David Oxtoby.

The star's eye catching spec-tacles went for spectacular prices, Hard Rock Cafe Los Angeles securing a pair with Elton's name illuminated for £9,900. Among the costumes, a "general" stage outfit made by Ret Turner in 1983, in which Elton looks like a Balkan major-domo, trebled its forecast at £6,600.

Among the more sensational bids were the £2,970 from Gus Dudgeon, producer of most of the singer's albums, for an embroidered cushion commemorating "Madman across the water" (it was estimated at £150); £4.180 for Elt's pink Eiffel Tower style boater (estimate £500); and the £1.980 which secured the camisole that Judy Garland wore in "Meet me in St Louis," was expected to sell for up to

Antony Thorncroft

2600

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ARTS GUIDE

London

South Facility (Finne of Wales).
Average, traditional revival of
the great Rodgers and Hammerstein musical, with Gemma Craven failing to wash the baritonal
Emile Belcourt out of her hair. (839 5989). The Phantom of the Opera (Her

decurate Mika Ockrent's strong revival of Sondheim's 1971 musi-cal, in which poisoned marriages nearly undermine an old bur-lesque reunion in a doomed theatre. (379 5399). re. (379 Ses).

Hapgood (Aldwych). New Tom
Stoppard mixes esplonage,
romance and higher physics.
(236 6404, credii cards

New York

Cats (Winter Garden), Still a cans (winter carden). Still a sell-out, Trevor Nunn's produc-tion of T.S. Ehor's children's poetry set to music is visually starting and choreographically feline. (239 6262). A Chorus Line (Shubert). The longest-running musical in the US has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its back-

stage story in which the songs are used as auditions rather than emotions. (239 6200).

Startight Express (Gershwin).

in a one-woman show covering the composer's careers in Berlin, Paris and New York. (598-7100).

Les Misérables (Kennedy Center Opera House). The touring com-pany of the international hit of last season brings to Washington the historical sweep of Victor Hugo, set to music and an insistent contemporary best, Ends

FINANCIAL TIMES

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Wednesday September 7 1988

Against credit controls

"THE COMBINATION of a stronger currency and lower interest rates does not repre-sent an ideal response to cur-rent concerns and a different balance would be desirable if it could be achieved." Thus, in last May's Quarterly Bulletin, the Bank of England revealed its disquiet over an exchange of interest as low as 71/2 per cent. How much happier it should now be. After all, the exchange rate against the DMark has depreciated by 1½ per cent, to DM 3.13 (the depreciation of the effective exchange rate being still greater, at 4 per cent). Mean-while, base rate has risen by nn less than 4½ percentage

Nohody seems to be very grateful indeed, many seem to believe that the consumer led current account deficit is proof of how unwise it was to allow people to borrow freely in the first place. Credit needs to be put under tight control, it is argued, for the good of individual borrowers - and for the country's good as well. But there are powerful arguments against such controls.

Prudential regulation

The ability to borrow freely bas been one of the better aspects of the present Govern-ment's policies. Naturally, freedom implies responsibility on the part of both borrowers and lenders. But this is an argument for careful prudential regulation and, perhaps, for somewhat greater attention to interest rate stability than in

the recent past.
The latest National Institute Economic Review contains a discussion of the problem of controlling housebold credit, which concludes that "changes in financial markets and institutions make it very unlikely that the sort of credit controls used before 1980 . . . would be effective in restraining the growth of household credit if reintroduced today." This does not mean that some controls could not be made to work but it would be "just as wrong to assume that their implementa-tion could be smooth or cos-

long term consequences of con-trols. Present difficulties are in

of past controls, which make it difficult for policy-makers to judge the extent to which the rapid growth of monetary aggregates represents a natu-ral "remonetisatinn" of the economy. Equally, the diffi-culty for many individual borrowers in determining how much to borrow is a predict-able result of their lack of experience. For these very reasons, it is difficult to lift eupposedly "temporary" controls. But can a return to permanent controls be desirable, especially after the UK has gone so far to adjust to their removal?

Extreme emergency

It is true that a policy of differential taxation of credit does not face quite the same objections. None the less, one must guard against the suppo-sition that it is good for an industrialist to borrow to build a factory to produce video-cassette recorders, but bad for a consumer to borrow to buy

in short, controls on credit even differential taxation of credit - can be justified only by an extreme emergency. That the "go" of the Lawson boom will be followed by a sharp slowdown or even a "stop" is quite likely. But that slowdown will occur naturally, For counter-inflationary reasons, sterling cannot be allowed to decline faster than would be implied by a sensible interest rate differential vis à ois the UK's major trading partners. To achieve that aim, current policy is imposing interest rates of no less than 6 or 7 per cent in real terms. With such rates of interest, six months from now the concern is more likely to be the rate at which the private sector is reducing its expenditures, not their excessive buoyancy.

The Government has got the policy combination it said it wanted. One advantage that the present Government has over its predecessors is that it can now afford patience. Another is that it has brought about substantial improvement in the underlying performance of the economy, partly because of the freedom granted to the capital markets. There is no Most important of all are the reason to allow the present on term consequences of consols. Present difficulties are in

Hard choices for Israel

THE OFFICIAL campaign for Israel's 12th general election on November 1 is getting under way this week in sombre circumstances. On the face of it, the poll ought to be one of the most momentous in the country's 40-year history, and certainly the most significant in the 21 years since Israel seized the West Bank and Gaza Strip. Issues which have side-tracked the electorate's attention on previous occasions, such as the state of the economy, are no longer so contentious. The way should thus be clear for voters to consider the questinn which is of over-riding importance for the country's future, and which has been thrown sharply into focus by the nine-month Palestinian uprising in the West Bank and the occupied territories?

Unfortunately, the indica-tions are that the electorate is in no position to deliver a decisive answer. Fnr nne thing, Israel's two main political groupings are not offering them a plausible or coberent set of alternatives. For another, the uprising has tended to polarise the political debate but to leave the overall electoral balance of forces little changed.

Dead heat

Neither the Labnur Alignment led by Mr Shimon Peres, the Fureign Minister, nor the Likud bloc led hy Mr Yitzhak Shamir, the Prime Minister, has been an ohvious beneficiary of the events of the past year. Although the Palestin-ians' new-found defiance bas caused a rightward swing, it seems to be generating support principally for the small par-ties to Mr Shamir's right. Virtually all the opinion polls indicate that if the elec-

tion were held tomorrow, the result would be something close to a dead heat. That implies another protracted round of coalition-building, either between Mr Shamir and the religious and ultra-nationalist parties or between Likud and Labour.

For those who worry about Israel's future, neither outcome can be especially beartening. A repeat of the "national unity government" which has ruled

the country for the last four years may spell stability and consolidation. But it would also be a recipe for continuing drift and indecision over the territories, accompanied by the "annexation by default" which has long characterised Israell

Inflaming tempers

Worse would be an alliance between Likud and the far right, which can only further inflame political tempers, and might lead eventually to formal annexation of the territo-ries in flagrant defiance of international law. The number of politicians openly calling for a "transfer" of Arabs from the occupied territories is now at an all-time high, regardless of the fact that it ought to be unthinkable to anyone who has a care for Israel's international image, for its ability eventually in live in peace with vital bedrock of support in the

The electoral outcome that seems least likely at present is an outright win hy Labour, or the construction of a coalition of the left. Mr Peres has entered the campaign speaking of the need to negotiate a solution to the problem of the terri-tories with Jordan and the Palestinians. His problem is that the central plank of his plat-form was kicked away on July 31, when Jordan's King Hus-sein relinquisbed responsibility for the West Bank to the Palestine Liberation Organisation.
To advocate a dialogue with
the PLO is the most deeply
held taboo for mainstream Israeli politicians, yet Labour cannot now point to any half-credible alternative negotiating

partner. It is not too late for Mr Peres to construct a new electoral platform. But to do so would require admitting that his is dead, and pledging to seek an arrangement which would give the Palestinians a measure of genuine self-determina-tion. That may seem an exces-sively bold vision to place before the Israeli electorate, but anything short of it will not rid the country of its prob-lems in the West Bank and

northern Iraq has been almost completely ers, with the result that the world has been largely unaware of the horror that was

only the massacre in Hal-abja in March this year, when an estimeted 5,000 civilians were killed by poison gas, was reflected in the headlines -because that occurred shortly because that occurred shortly before the town was occupied by Iranian forces. But it is now increasingly clear, as refugees pour across the border into Turkey, that that was only one incident among many, that the incident among many, that the Iraqi regime is trying to solve its longstanding Kurdish problem by means that stop little short of genocide, and that since the ceasefire with Iran it has intensified its efforts. Yesterday's offer by Iraqi's Revolutionary Command Council of an amnesty for Iraqi Kurds is likely to have little impact on refugees who have suffered the refugees who have suffered the recent brutal onslaught. Estimates of the numbers of

refugees now inside Turkey range as high as 150,000, although 100,000 may be nearer the truth. Collected in temporary reception areas in the region's mountainous rocky valleys, many give harrowing accounts of indiscriminate killings by Iraqi attacks. Their allegations of the use by Iraqi forces of chemical weapons are consistent, and supported by

physical evidence.
According to their accounts bombs dropped from planee and helicopters spread a fine dust-like substance, lethal if inhaled in large amounts and with lasting symptoms of watery eyes and heavy chests if only breathed in lightly. At an encampment near Cukurca, about 10 km from the border, doctors confirmed the presence of 300 people in a camp population of 4,000 to 5,000 who were suffering from these symp-toms, which he ascribed directly to gas or chemical weapons. According to Turkish soldiers, one chemical bomb actually straddled the border

Such testimony gives extra credibility to the statement submitted last month by Amnesty International to the UN Subcommission on the Presention of Discrimination and vention of Discrimination and the Protection of Minorities, drawing attention to "what it believes to be a systematic and deliberate policy on the part of the government of Iraq to elimfnate large numbers of Kurdish civilians, both as punishment for their imputed political sym-pathies and in retaliation for the activities of opposition

According to Amnesty, large numbers of unarmed Kurdish civilians" are reported to have been detained, and many subsequently executed, after being wounded by chemical attacks in 1987 and earlier this year. "In March this year, several hundred people, per-haps as many as four hundred, were said to have been apprehended as they made their way to the city of Sulaimaniya to seek medical treatment for wounds inflicted by Iraqi forces using chemical weapons. They were reportedly taken to the military garrison of Tan-jaro, located 4kms outside the city, and executed by firing squad on April 2."
In another incident in mid-

April last year, for which Amnesty quotes a witness,



Waiting for clearance: Turkish troops guard a group of Kurdish refuce

A people struggles against its fate

Jim Bodgener on the Turkish-Iraqi border and Edward Mortimer in London report on the plight of Iraq's Kurds

some 360 people wounded in a chemical attack are said to have been denied medical treatment, then transferred to a detention centre, hefore finally "disappearing" after a second transfer to an unknown

A staff report made last year to the US Senate Foreign Rela-tions Committee said that the Iraqi government was forcibly evacuating Kurdish mountain villages and then dynamiting them, to ensure that the Kurds stayed in the newly con-structed townships in the valleys where they were resettled. "In at least one case the Army requisitioned earthmoving equipment from a for-eign engineering firm so as to eliminate any traces of previ-ous habitation."

"With hundreds of villages leveled," the report goes on, "the Kurdish countryside has an eerie, deserted quality to it. Fruit trees, graveyards, and cemeteries stand as reminders of the absent people and live-stock." More recent reports have stated that 70 or 80 per cent of Iraqi Kurdistan's villages no longer exist, with over a third of its land area completely depopulated, and that Kurds are also being deported from the larger towns, often to concentration camps in the southern Iraqi desert, so that they should no longer form the

majority in their own region.

Obviously in the Iraqi
regime's eyes such measures
are justified by the fact that

the main Kurdish guerrilla groups, backed apparently by much of the civilian population, had allied themselves with Iran; and are rendered necessary by the fact that Kurdistan has been in a state of almost centing a state of almost centing as a state of almost centi almost continuous insurrection against successive Iraqi gov-ernments ever since 1961. All this is despite the fact that Iraq, unlike any of the neigh-bouring states with Kurdish populations, recognises the Kurds as a people and since 1970 has formally accepted



humanitarian considerations, the regime would argue, can-not be allowed to impede the state from carrying out its minimal function of holding the country together and main-

taining order,
To this the Kurds would reply that they have never

called in question the integrity of the Iraqi etate. Their demand has been for self-government within Iraq. The autonomy offered hy the regime, they say, is a chambecause the ruling Baath Party – or Arab Baath Socialist Party, to give it its full name – has never been willing to Party, to give it its full name

has never been willing to
share real power with anybody. Only in a democratic
Iraq, they argue, would autonomy have any meaning, and
therefore their struggle is not
only that of the Kurds but that
of the whole Iraqi neonle. And of the whole Iraqi people. And indeed it is a fact that Arab opponents of the regime (including on occasion dissi-dent members of the Baath

themselves and sought refuge with the Kurds. Iran, Iraq and Turkey all suffer from a Kurdish problem. The Kurds, for their part, consider that they suffer from the way the map of the Middle East was drawn after the First World War, denying them the independent state they were promised in the Treaty of Sèvres (1920) and dividing them more or less arbitrarily between Turkey, Iran and Iraq (with smaller enclaves in Syria and the USSR).

party itself) have often allied

By most known criteria they constitute a people or a nation with their own language (though one divided into dialects with different scripts) their own culture, and their own contiguous territory.
While their numbers are much

in dispute, there is no doubt that they are the fourth most numerous people in the Middle East (after Arabs, Turks and Persians) and larger than many peoples in other parts of the world to whom the rights of self-determination and statehood have been accorded. An Iraqi Kurd, called on by his government to join the Arab national struggle to secure these rights for the Palestin-ians, who number at most 5m, could surely be forgiven for wondering why the same rights should not be given to nearer 20m Kurds. in spite of this, calls for an

independent Kurdish state or for the unification of Kurdistan have been extremely rare. The Kurds of Turkey have been an exception. There, until very recently, the absolute refusal of the central government to recognise any kind of Kurdish identity, even at the cultural level (villagers have often been fined or beaten for speaking Kurdish in a public place), left Kurdish nationalists no incentive to struggle for anything less than complete separation. In other countries, including both Iraq and Iran, Kurdish parties have accepted that it would be disastrously counterproductive to call in question the territorial integrity of the

existing state.
The established world order, though broadly sympathetic to Afro-Asian peoples struggling for independence from Buro-

to contemplate subdivision of existing states which are territorially compact, because too many of the states represented in the UN instinctively feel themselves vulnerable to such subdivision if it were to become current practice. It is almost as though statebood were a prize for which candi-dates had to have submitted a valid application before a certain date (somewhere around 1918), and the Kurds, being a backward, tribal people from a had got their application in

just too late.

That being so, to demand independence would be almost sure to unite the world against them, and would certainly unite the states in which they live. But, unhappily, the moderation of Iranian and Irani Kurds, in confining their demands to internal self-government, has done them no good. In neither state does the regima have the kind of self-confidence that allows a enuine separation of powers, whether functional or territorial. Politics in both countries is of such a nature that Kurds feel no confidence in any form of autonomy that does not give them control of their own armed militia, while the cen-tral government sees any mil-tia not under its direct control as an intolerable threat to its authority and in all probability

authorny and in an processing an agent of an enemy power. That view tends to be self-fulfilling. When fran and Iraq quarrel, as they did before 1975 and again after 1979, each sees the disaffection of the sees the disallection of the other's Kurdish minority as an irresistible card to play. Hence, the sad but recurrent speciacle of Iraqi Kurds backed by Iran and vice versa, fighting on opposite sides and sometimes pitched directly against each schar. Hence, the terrible other. Hence too the terrible punishment to which Kurds are exposed when the rulers of fraq and Iran settle their differences and turn their full weath on their domestic opponents, as happened in 1975 and is hap-

pening again now.

The Iraqi Kurds are currently receiving the most savage punishment, perhaps because Iraq's Baathist regime, supposedly a bulwark of western civilisation against the fanatical ayatollahs, is actually more ruthless than they in employing weapons of mass destruction; but also because the Kurds of Iraq have posed a more serious and sustained threat to the central govern-ment than have their franian counterparts. The Iranian army had virtually eliminated the Kurdish controlled region of Iran as long ago as early

Ironically, it is in Turkey, where in the past they were most firmly suppressed, that the Kurds now have some glimmering of hope. Turkish newspapers and members of parliament have begun to declare openly that Turkey does indeed have a Kurdish minority; and the prime minis-ter, Turgut Ozal, clearly overter, Turgut Ozal, clearly overrode the military in setting
aside Turkey's "hot pursuit"
agreement with fraq and giving asylum to the refugees. In
doing so he was both responding to local public opinion and
defending Turkey's claim to be
considered a civilised, European country. By contrast the
prospects for Kurdish self-expression in Iran remains pression in Iran remains Afro-Asian peoples struggling extremely bleak — and in Iraq for independence from Buropean empires, is very reluctant that is at stake.

Lost men of the SPD

■ Hans Apel, the former West German Finance and Defence Minister and erstwhile stalwart behind Chancellor Schmidt, has fallen on hard times within the Social Democratic Party. He is leaving federal politics

He is leaving federal politics after being voted off the SPD's governing board last week under the party's new quota system increasing the presence of women in leading positions.

The move completes a roll call of ex-SPD Finance Ministers who have ceased to take an active role in the party. His decision to step down as the party's finance policy spokes. party's finance policy spokes-man, and to leave the Bundes-tag after the 1990 general election, exposes the party's shortage of seasoned economic policy-makers after six years in opposition.

Apel, 56 and like Schmidt from Hamburg, has seen his popularity gradually slipping within the SPD in the last few years. His knockabout parliamissed. He was due to make the opening speech for the Opposition in yesterday's Bundestag budget debate, but his place was taken at the last moment by Helmut Wieczorek, a largely unknown SPD deputy who proved vesterday at least who proved, yesterday at least a poor substitute.

Previous SPD Finance Ministers under Schmidt, Manfred Lahnstein and Hans Matthoefer, have left party positions and taken up business posts. Another former SPD economic luminary under Schmidt, Detlev Robwedder, is the chairman of steel company, Hoesch. Edzard Reuter, the SPD chairman of Daimler Benz, would have been Schmidt's choice as Finance Minister had the SPD stayed on in power in 1982. It is now too late to tempt him into politics.

It is sometimes forgotten that Schmidt's right hand man in Bonn in the early 1970s, Karl Otto Poehl, President of the

OBSERVER

Bundesbank since 1980, is a long-standing card carrying member of the SPD. His links with the party have withcred, however. The 40th birthday of his membership came in the spring and the Germans normally celebrate anniversa-ries. But Poehl points out that nobody from the SPD paid the slightest attention.

Left out ■ A Bank of England X1 played its annual cricket tch against a side of financial journalists yesterday. "We have four or five teams altogether, two of which play in the Surrey League," said a Bank spokesman. "Obviously we did not put out the best." Nor was the captain, Robin Leigh-Pemberton, able to play this year. Among the journalists the Financial Times was not represented. Some change in office recruitment policy must be in order.

Top Treasurer

■ Gerald Leahy, a former trea-surer of Unilever, is to become the first Director General of the Association of Corporate Treasurers. Leahy, 54, will work full-time and concentrate on building up the organisa-tion from the centre while still relying on voluntary help from

members.
A move from the Association's present premises in Regents Park to somewhere closer to the City is being considered. The monthly magazine, The Treasurer, will be further developed and the Association, which conducts its own examinations in treasury management, will continue its efforts to raise standards throughout the



Ronnie Biggs to come instead?" of the big firms in the country

are now members. The chal-lenge is to bring in the smaller ones and make sure that the Association makes its views known early on about any planned legislation affecting corporate financing. After leaving Unilever in 1983, Leahy went into banking

and was until recently chief executive of Shire Trust Ltd, which be founded two years

Once a BL man

Ray Horrocks, former chairman of BL Cars, has not left the old firm quite behind him. He has become chairman of SMAC Groop, a vehicle distributor and retailer with about a dozen outlets in southern

England.
SMAC, founded in 1932 by two brothers in Southend, is applying for a London Stock Exchange listing via a shares placement by the end of the . year. It has seven Rover

Group, formerly BL, sales outlets, together with Rolls-Royce, Bentley, Mercedes, Land Rover and Range Rover franchises.

The new job is the second resumed, if indirect, contact between the 59-year-old Hor-rocks and the formerly stateowned cars company, now part

of British Aerospace. He is also on the board of Lookers, the Manchester-based vehicles group with a number of Rover franchises.

He is still close to his old

Blacklef Str Michael Edwards. BL chief, Sir Michael Edwardes – on the board of Chloride, which Edwardes heads.

Remaindered

■ One of the problems of the annual book clearing out exer cise is what to do about all those tomes that appeared on the formation of the Social Democratic Party and the Alkiance with the Liberals. Masses of them: Claret and Chips, Breaking the Mould? and books hy Shirley Williams, William Rodgers and, especially, David Owen. Will anyone read them now, save the odd histo-

Undrinkable

A Nebuchadnezzar of Financial Times pink champagne is doing the rounds at this year's charity auctions. Alan year's charmy auctions. Alan Coutts of Regenterest ple paid £15,000 at the Telethon. He has now donated it to the Wishing Well Ball which is seeking to raise £14 m for the Great Ormond Street Hospital at Grosvenor House on Sept 23. (A Nebuchadnezzar incidentally holds the equivalent of 20 normal bottles.)

Little Reich

■ Barbed comment on Robert Reich, the economic historian now advising Michael Dukakis on industrial policy. "He's a microeconomist. About 5 feet





David Fishlock reviews government efforts to streamline scientific research in Britain

In search of excellence

White Paper proposed that public-ly-funded scien arch in Britain should be brought under tighter control and left less to the whim of those who practised it, many scientists reacted angrily.

A year later, the new strat-

egy – and in particular whether the Government is committing enough funds to research – is back in the forefront of debate at this week's annual meeting in Oxford of the British Association for the Advancement of Science.

The big change being sought by the Government is to leave less to pure chance, in a world where the UK nowadays contributes only about 5 per cent of the world's output from research. The Government's advisers believe this proportion cannot be changed signifi-cantly, no matter how gener-

ously British dons are treated.

Above all, this implies priorities, and mechanisms for selecting and rejecting opportunities to spend public money on research. Moreover, those mechanisms must weigh not just the 5 per cent of activity in Britain, but if possible the global canvas of opportunities emerging from science.

The basic mechanisms fore-seen for the strategy are now in place, and the screws are already tightening on a num-ber of once well-funded sectors such as agriculture, energy and space research.

The first mechanism is a body of "wise men" surveying the whole realm of domestic research and development. This is the Advisory Council for Science and Technology (Acost), representing both aca-demic and industrial science. its chairman, Sir Francis Tombs, Rolls-Royce's chairman, reports to the Prime Minhas - attended Acost meet-

A good example of Acost's work is a recent study of the opportunities in opto-electronics, a subject it considers vital to Britain's industrial future. It finds Britain has done worldclass research but has failed to exploit it commercially. It urges government and indus-try to mount "high profile demonstrator projects to illustrate the applications of opto-elec-tronics across a broad front." Another mechanism is the Cabinet Office's science secre-tariat, headed by Mr John Fair-

. 350 %

scientific adviser, who also has exploitation through R&D screen of these IRCs have once his office was seen as the conduit for government patron-age, today it is feared as more-likely to ask hard questions about returns from investment in particle physics or fast reactors, in turn alerting a critical appraisal by Acost.

responsible for assembling the annual report on Britain's research and development. This year the Government is closely reviewing the level and distribution of its R&D spend-ing — nearly £50n in total for 1989-90 — across all depart-

A third mechanism, The Centre for the Exploitation of Science and Technology (Cest), was conceived in Whitehall but is mainly funded from the subscriptions of a score of big science-based British firms. Dr Bob Whelan, Cest's chief exec-

Britain contributes about 5 per cent of the world's output from research. The Government believes this proportion cannot be changed significantly, no matter how

generously its

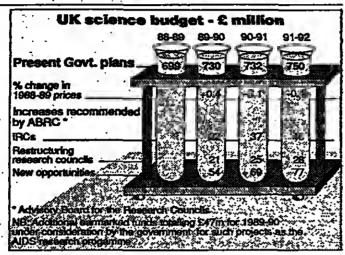
dons are treated

been chosen, concentrating on such opportunities as the discovery of "warm" superconductors (Cambridge), surface science (Liverpool) and novel semiconductors (Imperial Col-lege, London). Several more will be selected this month, for launch next year. All are to focus on opportunities that could come to the market in the late 1990s.

The IRCs are a fiercely con-troversial feature of the Government's strategy for science. They are being set up with funds from the pool of about £1.3bn currently allocated to the science base. Thus they drain money which otherwise could help sustain present research in university depart-ments or national laboratories. However, the IRCs are being set up as directorates, outside the traditional academic organ-

the space budget, but it has stortly refused pleas to double the present £100m allocation, not least because the aerospace industry itself showed no enthusiasm for rating its own enthusiasm for raising its own contribution. The Government has also refused to increase its subscription to the European Space Agency. As for the Hotol space craft, no credible case has yet been constructed for a space launcher expected to cost at least £5bn to develop, for which Rolls-Royce - as holder of the engine patents -can see a world market no big-

ger than a score. Fast reactor R&D, on which Britain has been spending over £100m a year, became increas-ingly vulnerable as the threat of an international shortage of "conventional" nuclear fuel (uranium) receded to 2020 or later. Most of the money is being spent to refine a reactor that works - and works well



utive, says its role is not to pick winners but to define the clusive process by which winners emerge. "I don't think we teach our researchers enough about the achievement of goals, says Whelan, a physicist who engaged Cest's first staff only last month. He expects it to have a key role in identifying opportunities for a new type of research centre with very specific goals, the Interdisciplinary Research Centre (IRC), in which the Government has begun to

The agents of change talk of dozens of IRCs on university campuses by the mid-1990s. Each will focus on a facet of-"curiosity-driven" science clough, the Government's chief deemed ripe for an attempt at

isation. Worse still, as the dons see them, they are intended to "self-destruct" after about a decade - less if they are failing - and make way for fresh opportunities.
All this new machinery for managing science has already

begun to have an impact. For example, the budget for parti-cie physics – "atom-smashing" – one of the most esoteric areas of research, is being cut by 20 per cent over the next five years. Astronomy is also to be cut back. Savings will be channelled into the new IRCs and other initiatives such as the £15m Materials Commission announced by the Science and Engineering Research Council (Serc) this summer. The Government has not cut

but will be obsolete before it is needed by industry. Bnt when the mevitable social disruption of ending a major R&D project is over, the UK Atomic Energy Authority will still be left with £10m a year - more than any IRC can expect - to invent a new and cheaper fast

Defence research, long eyed enviously by other sectors, was the first sector to suffer the axe. The latest Cabinet Office statistica ahows that the research portion of defence R&D is scheduled to contract from £408m in 1986-87 to £357m by 1990-91. Defence development, mainly devoted to big weapons projects, ahrinks from £1.93bn to £1.66bn over the

dered the burden of selling the new strategy to the science community. One is Professor William Mitchell, former head of the Clarendon Laboratory, Oxford's physics department.

Prof Mitchell is chairman of

Serc – biggest of the research

councils with half their total annual budget of about £700m

- and has been the pacesetter
in launching the new IRCs. He
points out hluntly that, far from falling in recent years, his budget has increased in real money terms by 0.9 per

cent, 3.0 per cent and 8.0 per cent for the last three years. He observes drily that such fig-ures hardly help in "convinc-ing ministers that research and technology are starved of

But the scientist in the hot-test seat is Professor Sir David Phillips, the Oxford biophysi-cist who also serves effectively as chief scientific adviser to the Department of Education and Science. Sir David is chairman of the Advisory Board for the Research Councils, which advises the Education Secre-tary on the hudget for science in support of higher education.

Sir David - a member of Acost - supports both the IRC concept of achieving change, and the controversial idea of grading Britain'a universities R, X or T. R denotes substantial research activity across all field, X denotes substantial research activity in particular fields, and T denotes teaching without advanced research facilities.

At the same time he leaves his minister in no doubt that he believes the academic science community must get more government cash. The advice from his board for this year's public expenditure survey is that the £700m budget for the research councils is too small "to move our nation's scientific capability towards the 21st century.

It asks for an extra £97m in 1989-90 to re-equip and to accel-erate the reshaping of the sci-ence base, including launching more IRCs more quickly.

For science to get extra cash, the Government will need to be convinced that the change it desires really is going to happen. The best possible proof of that would be for industry to show early confidence in the concept of the IRCs, by match ing government funding for them with its own research

Airline accidents

How to make flying safer

By Laurie Taylor

n 1987, world airlines carried one billion passengers, and by the year 2000, if current growth rates continue, there will be two billion passengers every year. Even if world airlines regain the safety level of 1984, the safest recent year, that would mean 1,000 or more deaths annually by the turn of the century.

A high rate of growth of air

travel poses many challenges to the regulators of air safety. There are more airlines to be authorised and inspected. Some of them do not have, perhaps, the experience, resources or will necessary to exceed the requirements set out in the regulations. (In past years these were regarded as a minimum safety net which major operators set out to exceed as a matter of prudent corporate policy.)
Rapid growth also brings

about a reduction in the average level of experience of ground engineers, pilots, operations managers and, if recruitment is resumed, of air traffic controllers. US experience since airline deregulation shows that airline bankruptcies, mergers and the creation of new airlines have the effect of increasing the mobility of skilled labour. Some small commuter airlines in the US bave experienced a 150 per cent turnover of pilots in a single year, hardly favourable for air safety.

Large increases in the num-ber of flights pose difficult problems for air traffic control systems. The best of them are using obsolescent technology, suffer a abortage of airports and runways - and, due to military demands, of air space. In Europe, control is greatly complicated by a national fragmentation of air space, caused mainly by the refusal of France and the United Kingdom to surrender airspace sovereignty to a supra-national authority, Eurocontrol. As a result, Eurocontrol has responsibility only for the upper airspace of the Benelux countries and the northern part of West Germany. A flight from Frankfurt to Seville, 1,200 miles in length, is controlled by 11 air traffic

control units in four countries. Measures taken to deal with air traffic congestion include the application of "flow con-

trol" to reduce peaks of traffic. troversy about the respective This causes delays on the busi-est days, so under-resourced and over-scheduled operators run out of flight crew bours. A single delay as short as only two bours can lesve an aircraft in Corfu overnight, for example, instead of returning to Gatwick for the next sequence of flights. Pilots complain that some operators attempt to persuade them to take minimum authorised rest periods and to extend their duty periods to the maximum permissible under CAA regulations - both pressures potentially detrimen-

tal to safety.
Airlines' profits are low, creating great pressure to reduce operating costs. Some types of passenger aircraft are exceeding their original design lives, and two-engined aircraft are being operated over routes, remote from any airfield, formerly the preserve of three and four-engined aircraft. Some operators of Boeing 747s have removed two emergency exits to improve profitability. In show that all airlines are not each case safety regulations equally safe. are being met, but few would contend that these trends

make air travel safer. available has persuaded some airlines to operate so called inferior provision of smoke and fire detectors, fire proofing and fire fighting equipment. The be sustained by the oxygen on completion of that life. available.

sives, corrosive or toxic sub-stances and even rocket fuels authorities - which would have been taken aboard airlin-mean governments giving nature. New cargo safety regulations may be required to deal with comblaircraft with combl-aircraft.

aircraft and engines bave proved safer and that there studies of buman factors will be improved fire proofing Laurie Taylor, a former of passenger seats and cabin furnishings.

The safety problems caused

by human factors are, bowever, unresolved. There is con- tions.

authority to be given to auto-matic systems and human operators, and the difficulty of verifying the software of complex computer controlled systems. Opinion is divided on how much information should be given to pilots, and on whether systems are to operate - and if necessary sbut themselves down - without inputs from the flight crew.

Accidents caused by human factors have been described as the last frontier of air safety. Human performance varies greatly: Boeing research shows that 16 per ceot of operators of Boeing aircraft account for more than 80 per cent of all crew-caused accidents to those that air travel is twice as safe in the US as in Europe, which is in turn twice as safe as air travel in South America. Although these statements take no account of the different operational environments in which airlines fly, they do equally safe.

If air safety is to bc improved there needs to be:

Agreement that air safety is The increased air cargo a high priority task to he vailable has persuaded some assigned to an airline's highest levels of management and that combi-aircraft, in which cargo all proposed changes that is carried on the passenger reduce air safety, even if they deck. In this area, there is an meet current regulations, will be rejected.

 Re-imposition of the concept - dropped more than 20 years level of ventilation provided to ago - of n "safe life" for air-these passenger/cargo decks is craft structures. Aircraft such that any fire is likely to should be taken out of service vailable.

• Improved supervision of airItems as dangerous as explocraft maintenance and

ers by passengers, or shipped them increased resources.
by cargo agents - sometimes
The internationalisation of with false declarations or no aircraft control, navigation and

 Improved training for man-It is fortunate for air safety agers, crews and engineers that successive generations of with an increased emphasis on those areas highlighted by Laurie Taylor, a former air-line pilot, is the author of the book Air travel - how safe is it? to be published next month by Blackwell Scientific Publica-

LETTERS

'National curriculum will ensure breadth of study'

and the first training designs to the second and th

From the Secretary of State for Education and Science. Sir, I read with interest your leader (August:24) on "The curse of specialisation." I hope that you will allow me space in your columns to correct some false impressions which it may have created on an issue which is, we evidently agree, of the utmost importance.

You argue that for some pupils to study the sciences for the equivalent of "only" one period a day in the final two years of compulsory schooling amounts to an unacceptable narrowing of the curriculum, and calls into question the Government's stated intentions of broadening the individual pupil's curriculum through the introduction of the National

Your argument misses several important points.

First, a requirement of all pupils to continue to study science in years 4 and 5 of secondary schools represents a sub-atantial advance over the current position. It is an advance which you fail to acknowledge. I have made it clear that the Government expects all pupils to take science as a GCSE (General Certificate of Secondary Education) subject, and that the science studied should be bal-

You greatly underestimate the change in practice that the National Curriculum will involve. In 1986, the latest year for which figures are available, the main science subjects — physics, chemistry, biology. Second, whatever time is

science education.

Moreover, the National Curriculum will require pupils to

anced rather than single sub-ject — all too commonly, biol-ogy for ghis and physics for

spent on science in years four working group will help to overcome these drawbacks in

only 65 per cent of school leav-ers had attempted O level ("ordinary") or CSE (Certifi-cate of Secondary Education) examinations in one or more of

and five of secondary school, it will in future build on a much more systematic and compre-hensive science education during the previous nine years. All too frequently now pupils do not get a proper introduction to science until well into their primary schooling - if then. The recommendations for attainment targets and programmes of study put forward by Professor Jeff Thompson's

Snow'a "two cultures", even by pupils who may take a single award GCSE in science, will be increased radically.

In addition we have given priority to mathematics, science, and design and technology, as well as to English, in the national curriculum's implementation programme.

Third, you doubt whether the experts can produce a decent balanced science course requiring less than the 20 per cent of curriculum time considered necessary for a double award GCSE in science. We shall see whether the experts share your pessimism. You may well be giving too little credit to the numbers already credit to the progress already made by many teachers and schools since the Government issued its 1985 policy statement on introducing balanced sci-ence courses in place of the traditional "three sciences".

Fourth, an insistence on "20 per cent science for all" is potentially in conflict with the very principle you claim to support — a broad curriculum.
For some pupils whose aptitudes lead them to want to
take subjects outside the national curriculum, such as classics, home economics, business studies and craft/design/ technology (CDT), studying for

ences" side of the late C.P. double award science GCSE would eat so heavily into the time available that they would be unable to do so to a worth-

For others wishing to devote additional time to national curriculum subjects - for example, those with marked talents in modern languages, music or other arts - 20 per cent of time spent on sciences in the fourth and fifth forms could mean that they were unable so to extend their studies.

It is vital to recognise that the national curriculum will ensure a hreadth of study and prevent early specialisation, including early specialisation by scientists. While I envisage that the majority of pupils may well follow double award science courses, it is important to keep open the flexibility to cater for those for whom that would be inappropriate. At the same time wa must ensure that the science studied by the minority – and the curriculum followed by those taking dou-ble award science courses – are broad and balanced.

Kenneth Baker.

Department of Eduction and Science, Elizabeth House,

A credit tax could have a valuable deterrent effect

From Mr Mark Bobson.
Sir, When faced with a monetary problem one abould always look for a fiscal solution. But current fiscal policy is scarcely lax — it seems absurd to respond to an enormous rise in consumer borrow-ing consumption, and imports, by proposing an across-the-board increase in income tax

4)

rates as an alternative to even higher interest rates. The desired effect of high rates of interest - in the longer term - is to reduce borrowing for consumption. It is not generally accepted that debt as such is the source of all evil, and it would certainly seem better to finance national private investment by debt raised from savings of consumers rather than, as at present, by the trade deficit.

A solution which limits borrowing for consumption without imposing dramatically

higher costs on industry and homeowners would be highly attractive. But quantity constraints would be ineffective. More importantly, they are politically unpalatable.

Why should not the Chancellor introduce a specific tax on consumer credit, embracing charge, credit and store cards as well as more traditional forms of interest-bearing credit. forms of interest-bearing credit accounts and bank lending?

.The common objection is that the various forms of credit are too dissimilar to be able to be identified and treated alike; but what they all have in com-mon is that they are already governed by the Consumer Credit Act 1974.

A credit tax at an annual rate of 10-15 per cent, levied monthly or quarterly on all outstanding balances on bor-rowings under the Act, could have a valuable deterrent effect. It would encourage

rapid repayment of debt, it would be selective, and it would provide a signal of Gov-ernment commitment to the markets. It could be formally levied on either the borrower or lender, depending on ease of administration.

In the former case there is the useful precedent of Sir Geoffrey Howe's 1981 special tax on banking deposits; in the latter, the item could appear on individuals' monthly statements alongside the interest

Such a move in itself, of course, would hardly solve the general problem. Rather than see a further reduction in the basic rate of incoma tax towards 20 per cent, a package of tax reforms to encourage personal savings would be a most welcome feature of the next budget. High interest rates provide a strong incentive to savers to hold new Houghton Street, WC2

bonds or face value accounts, but not equity.

Given the Government's stated wish to encourage sharebolding by individuals, a "Loi Monory" type of scheme for investment in equity would be of great help, giving income tax relief for net savings in quoted share, preferably coupled with roll-over relief from capital gains tax. For example, the basis of such a scheme was proposed this year by Mr Alan Beith during consideration of the Finance Bill in the House of Commons' standing commit-

The customary Government response is that it cannot be afforded: on the contrary, it now appears increasingly likely that we cannot afford to do without it.

The London School of Economics & Political Science (LSE),



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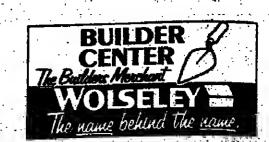
No matter where your business takes you, don't let it take you away from family and friends. Just pick up the phone. And icel the warmth of home. Reach out and touch someone.





FINANCIAL TIMES

Wednesday September 7 1988



Germany revives old debate over allies

West Germans are less ready to accept Nato arguments that such training is necessary to keep air forces in the state of

diness which assures peace.

Immediately after the Ram-stein tragedy Mr Rupert Scholz, the Bonn Defence Min-

ister, announced a ban on mili-

tary aerobatics affecting all air forces in West Germany. It is

not certain whether this will quell public disquiet – nor whether he has the powers

The minister has had little success in his attempt to keep the issue of routine low-flying

separate from the other ques-tions surfacing after the disas-

ter. The 3,000-acre American air base, grouping both US and other Nato air forces, is the

fully to enforce tha ord

THE VICTIMS of the air show catastrophe at the US base in West Germany were mourned at a stately and emotional end. Now, after the borror,

comes the reckoning.
One of the most important questions taxing the Federal Republic is old, virulent and will not go away. It focuses on the degree to which West Ger-many can control the activities of Nato armies and air forces stationed on its soil to maintain the post-war status quo in Europe. The debate aboot sover-

eignty has been spurred by the present flux in East-West relations and the weakening of once-unquestioning support for the Americans among the West German population. Ramstein has thrown the spotlight on to lingering occupation rights of the allied armies which defeated and dismembered Ger-

many in 1945. The air show mishap at the end of August has claimed 52 tives at the latest count, with the toll inching up daily as severely burnt spectators suc-cumb to their injuries. Politi-cians on both left and right are asking whether the Bonn Government has the power to curb flying by Nato aircraft which

	by US 56 47 38 37 32								
	Nov 80	Jun 53	Mar 84	May 85	Dec 87				
tavour of continuing to stand closely by US ollowing policy of neutrolism between	56	47	38	37	32				

represent both the guarantors of the country's defence and tha potential for disastrous accidents.

East and West

lose co-operation with Soviet Union

The next few weeks will see an inquiry into the cause of the collision of the Italian aero-batics aircraft at the US display. A spate of complex lawsults is looming to press damage claims. Recriminations are rumbling on about chaotic accident procedures at the annual Ramstein show.

All this comes against the background of mounting public dissatisfaction about the noise and danger of routine low-fly-ing by the West German and allied air forces - chiefly the US, British and French. With a new wind of harmony blowing from the Soviet Union, the

source of much of the low fly-ing which has been causing mounting irritation in the state of Rhineland-Palatinate over the past decade.
Mr Bernhard Vogel, the

Christian Democrat stata Prime Minister, pointedly made the link by saying in his address to the mourning ser-vice at the weekend that "Ramstein is an example of the bur-dens that the people of this country have to carry." Mr Vogel, whose party in the past has accused opponents of the Ramstein air show of being anti-American, said he believed the show could never be held

again in the same form.

Who, however, has the final say? Mr Scholz, a law professor, says that the allies are obliged to accept West German anthorisation procedures laid down in the Air Navigation Act. This would give the Defence Minister the power to han flight displays if he

thought them dangerous.

Mr Scholz is opposed, however, by a body of legal opinion which lays down that the 1963 Nato Stationing of Forces Agreement, along with a sup-plementary accord which came into force at the same time, in the final instance gives the Bonn Government no real control over the matter. If air show flying is deemed hy the allies to be part of defence training, then the West Germans' right to regulate can-not be used to destroy their right to exercise.

The 1963 agreement is widely seen as giving the Nato forces powers issuing directly from the allies' occupation rights held until 1955. This is a bone of contantion which cuts across the political divide. Thus an editorial on Monday in the leading conservative newspaper, Frankfurter Allge-meine Zeitung, complained that "in contrast to its alliance partners, the Federal Republic is not fully sovereign" – echo-ing similar statements in recent days from the Social Democratic party.

The newspaper said West. Germany's allies would have to use their remaining military powers with care to avoid giv-ing the public the impression that they placed the country at a disadvantage and needed to be revised. Demonstrating how the wounds of Ramstein run
the risk of festering, the newspaper added ominously that
the consequence of any such
move could turn out to be
"fatal".

The purr of the German motor

West German economic growth west German economic growth may have come to a halt between the first and second quarters of 1988, but the first half ontturn is considerably better than had been thought possible only a faw months ago. Official estimates of at least 3 per cent growth for 1988 are nearly double the average growth rate of the average are nearly double the average growth rate of the previous five years, and should help the West Germans host this month's IMF meeting in Berlin without any embarrassing suggestions that they are not pulling the state of the state.

gestions that they are not pulling their weight on the global economic stage.

The French have already upgraded their 1988 growth forecast to around 3.5 per cent—nearly twice the spring estimate—and the continental European economies are no longer looking so out of step with the rest of the developed world. Admittedly, Japan's estimated 1968 growth rate of close to 6 per cent remains unchallenged, but Europe should be able to produce an overall growth rate of close to 3 per cent this year, which is up on last year and well above average for the last five years. However, the markets have almost certainly adjusted to the fact that 1988 economic growth is going to be far more buoyant than expected only a few months ago, and the main concern now is what happens next year. The effects of the recent monatary tightening will take some months to show through, but the latest data suggest that West Germany should be able to continue growing above its recent average of 1.7 per cent per annum. One of the main reasons is that after several years of relative strength, the D-Mark is now marginally weaker against the dollar than it was a year ago, and this should bolster the competitive position of the export sector All of this export sector. All of this should be good news for Ger-man corporate profits, and Goldman Sachs, for example, is

lower earnings.

Seagwick If the market awarded points for trying, Sedgwick's 25 per cent fall in first half profits might have scored highly. As it was, the company's not inconsiderable achievement in bold-ing costs steady was lost against its tumbling revenues. No matter how hard it tries, Europe's biggest insurance bro-ker cannot escape the sickness

of the insurance market, and

now forecasting 10 per cent

earnings growth this year, whereas earlier this year it had been expecting another year of

Sedgwick Share price relative to the FT-A All-Share index Sep'85 86 87 88

while premium rates continue to accelerate downwards, there can be no hope of reversing the 80 per cent underperformance of its shares over the last three

Until the big recovery comes
— and earlier hopes that it
might arrive by late 1989 now
look much too optimistic—valuing Sedgwick is not
easy. There is no consensus on whether the company will fare still worse next year as mar-gins tighten further, or whether a stronger dollar and some new business will make 1968 the nadir. In one sense, whether Sedgwick makes £50m or £90m in 1989 may not mat-ter, as even on the higher esti-mate the shares are on an ill-

descrived p/e of 15.
But in another way it may matter greatly. Sedgwick's shares appear to be well supported by a yield of 7 per cent and by the hope that Transagement was hid when it is able. merica may bid when it is able to next year. However, neither provide an altogether solid floor. This year it is touch and go whether the dividend will be covered, and if earnings fall further next year, it is just pos-sible that the new management would choose to cut it. More-over, as Transamerica does not want to increase its exposure want to insurance much further, an outright bid seems unlikely; while finding somebody prepared to spend fibn or so on a company in a difficult market could take some doing.

Bowater Industries

Yesterday's interims from Bowater were the first real chance for the new management to show its paces, and the ment to show its paces, and the results look well up to scratch. The 76 per cent jump in pre-tax profits owes much to the Rexham acquisition; but the profits rise in the existing business of 33 per cent (on sales 11.5 per cent higher) shows the BTR-de-

rived emphasis on trading m gins doing a much needed job. The process is, of course, a finite one, but the combination of cost-cutting and capital investment looks capable of sustaining the improvement at least through next year. For this year, pre-tax profits should come close to £75m, which puts the shares—almost unchanged yesterday at 419p
on a multiple of just under

Where the rating now goes may partly depend on how the market ends up categorising a company whose shape is still mainly due to historical accident. No longer in paper (Australian tissues excepted) and with dwindling emphasis on packaging, Bowater obviously packaging. Bowater obviously risks being classed as a straight conglomerate. But it has no history of Hanson-type dealing, barring perhaps the singularly inept disposal of its UK paper business two years ago; and although at the time of last year's purchase of Rescham it spoke of further diversification it now page Regulary. fication, it now sees Rexham's coatings and laminates busi-ness as itself forming the basis

of the desired fourth division. The resulting promise of higher-quality organic growth and greater transparency in earnings may protect the shares from the worst of con-glomerate status. But there are cyclical aspects to the business, and though the shares probably deserve a better rat-ing, they may be a while in getting it.

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In all the a

Carried and the

If IMI was an American company it would be held up as one of the new breed of "rustbeit" companies which have slimmed down, restructured and found a new lease of life. Instead, it is regarded as a rather boring Midlands metal-basher, and although it has been able to produce average earnings growth of over 20 per cent per annum over the last five years, a prospective multi-ple of 8% and above average yield reflects the market's prejudices about its long-term growth potential. A 21 per cent rise in first half pre-tax profits owed a lot to another jump in trading margins, and given that these have already more than doubled over the last five years, there is an understandable suspicion that they may be close to a peak. IMI disputes this, pointing to the rapid growth of its high margin businesses such as fluid controls. If that is correct – and it might be – the shares deserve a rer-ating.

Why Iran's PM offered to quit

Scheherazade Daueshku and Andrew Gowers on stresses in Tehran

Iranian leaders over the future of the country's Islamic system of government came to the surface yesterday, when Ayatollah Ruhollah Khomeini publicly rebuked his Prime Minister, Mr Mir Husseln Mousavi, for offering to resign.

in submitting his resigna-tion, Mr Mousavi cited difficultles in agreeing a cabinet with the Mailis (parliament), saying that he believed the assembly would withhold approval of eight of his ministerial choices. President Ali Khamenei, wbo under the constitution has the authority to appoint or dismiss the Prime Minister, told Mr Mousavi that his resignation had been rejected, and Ayatollah Khomeini, Iran's spiritual leader, said be should stop

The result appears to be a standoff between senior government figures, with a Majlis debate on the composition of the Cabinet now postponed until Saturday. It is not clear that the Prime Minister's position, which has been beavily undermined in recent weeks by signs that Tehran is reconsidering its economic policies, will remain tenable for long.

The controversy has broken at a particularly sensitive time for Iran, which is facing up to a big reconstruction effort involving foreign companies after the eight-year Gulf war. It represents the first sign of an open split in the remark-ably consistent inner circle of Iranian leaders with influence over day-to-day decision-mak-ing. Mr Mousavi, 46, has been ne Minister since October 1981 and as such has been responsible for the array of wartime restrictions on the economy. Although he has not always seen eye to eye with Mr Khamenei or with Hojatoles-lam Ali Akbar Hasbemi Raf-sanjani, the powerful Majlis

side them in a pattern of com-promise and stalemate that has

characterised Iranian politics

for the past seven years.

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Mir Hussein Mousavi: Publicly rebuked

ing future economic policies. It may also reflect a degree of confusion following the leadership's decision to sue for peace

with Iraq on July 18. Ever since Mr Rafsanjani engineered the *volte face* over the war (a move with which Mr Mousavi is reported to have disagreed), the position of the more hard-line elements in the Government has looked uncertain. The Premier has been under particular pressure not only because be is a leading hard-liner but also because he is responsible for implementa-

tion of government policy. in parliamentary elections in May, radical candidates swept the polls and Mr Mousavi was given an overwhelming vote of appointment of Mr Rafsanjani as acting Commander-in-Chief

market, where tax evasion is

It appeared over the week-

end that interest in the scan-dal was fading when an anti-

tax candidate was defeated in a controversial gubernatorial election at Fukushima.

• Meanwhile, Recruit Cosmos, which is traded on the over-the-counter market, is being banned from raising

of Iran's armed forces, Mr Mousavi has seen the erosion of his most cherished policies.

He is a well known propo-nent of radical economic policy moves, including increased state control over the economy. After frequent obstruc-tion of such measures by the conservative Council of Guardthey comply with Islam, such legislation was expected to have an easy passage through the present Majlis, especially since Ayatollah Khomeini had come out in strong support of socialist-type Islamic policies geared to serving the needs of

the poor and oppressed. Last week, however, in what appears to have been another remarkable policy reversal, the Ayatollah assigned the Govern-ment an essentially supervisory role over foreign trade. There is also substantial dis reement within the leader ship over Iran's position towards the West. In the past four months Mr Rafsanjani has forcefully advocated a policy of opening up to the West, of conmning terrorism and even of making conciliatory noises to Saudi Arabia. He has even nanaged to elevate the term "moderation" from being a dirty word to a government

A few weeks ago Mr Rafsan-jani indicated that reconstruc-tion in Iran should steer a middle course between opening up to a flood of imports and for-eign assistance or of continu-ing austerity until self-suffi-ciency could be achieved.

The President has gone further than this by declaring that Iran should indeed make use of the knowledge of "friendly" foreigners, while the private sector should come forward to invest under the umbrella of government super-

These views are diametrically opposed to those of Mr Mousavi, who last month warned against the policies of "arrogant powers" and the inflow of foreign investment which he said would reduce fran to a state of dependence and "would lead to a suppres-sion of the revolution's princi-

Mr Mousavi's resignation offer may well be a tactical move aimed at challenging tha policies of the pragmatic factions, rather than an attempt to bow out quietly. He may have hoped that as in 1985, when he last came under seri-ous attack, Ayatollah Khomeini will intervene in his favour in order to prevent an open rift within the leadership. If so, he will have been rudely disappointed by the Imam's

reply last night.
Whatever the outcome of the present round of political manoeuvring, however, it is clear that challenges to the unity of the leadership will not go away while so many fundamental ideological issues remain unre-

China snubs **US** over **Mideast** arms sales By Peter Ellingsen

in Peking

CHINA yesterday rejected US criticism of its arms sales to the Middle East — a move likely to prevent its gaining immediate access to sophisti-cated US military technology. Before meeting Mr Frank Carlucci, the US Defence Secre-tary, Qin Jiwei, his Chinese counterpart, said his country's arms sales were "insignificant" compared to the world's "big-gest arms dealers", the US and the Soviet Union.

"Compared to these two countries' arms sales, China's arms sales only amount to a fraction." Qin said. "China is a developing coun-

try and even in the future will not sell armaments in large quantities."

Despite constant urging from Washington to curtail sales of ballistic missiles to third countries, particularly those in the Middle East, China, the world's fifth largest arms dealer, continues to supply Silkworm anti-ship missiles to Iran and CSS-2 ballistic missiles to Saudi Arabia.

The trade, aggressively promoted by China, is said to be worth up to \$2bn a year, and

expanding.

Qin conceded that China and the US had "inevitable" differences over military matters, but said some of these could be solved through an "exchange of views". This is unlikely to include the US granting Peking's wish for a transfer of defence technology, particu-larly since China has not modi-fied its stance despite a US Senate resolution in July call-ing for a reassessment of Sino-US relations if China did not halt missile sales to the Middle

However, it may be possible to reach a compromise whereby China would gain some military equipment in return for a more judicious placement of its weapons. The US State Department has rec-ommended that China be given communications satellites for launching on Chinese rockets, a move the department claims will not endanger national

security.

• Mr Carlucci met Qin for more than three hours and expressed US concerns over China's arms sales, reports Reuter. "We recognise Chinese sovereignty and its right to have its own overseas arms programme," a Defence Depart-ment official said, "but we think missiles fall into a special category."
Mr Carlucci today meets
China's senior leader, Deng

Agreement may be abolished

Continued from Page 1 sys, Compaq, Sun Microsystems, Prime, Tandem Apple Computer and Perkin Elmer on the user side, with Texas instruments, National Semi-conductor Automal Misses

conductor, Advanced Micro Devices, Intel and Motorola representing chip producers. "The proposal will go ahead, although the context in which it is it is presented [to the Com-merce Department] may change," said a spokesman for the American Electronics Asso-ciation, a trade group which has endorsed the chip users'

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New bribery allgations

Continued from Page I active in pursuing the Recruit Cosmos affair.

The scandal erupted in June when it was revealed that 76 people, including aides to top politicians, had received shares in Recruit Cosmos, a property company, before it was floated by its parent Recruit. They later made lunge

The affair has cast a shadow over Mr Takeshita's tax bill by drawing attention to the stock

new capital for the next three years as a punishment for the affair.

WORLD WEATHER

UK set to increase troops in N Ireland

By Michael Cassell in London and Peter Bruce

THE UK Government is considering an increase in the number of troops in the province of Northern Ireland as part of a package of measures for tightening up security and cracking down on the Irish Remublican Army Republican Army.

Other measures heliaved under consideration include the ending of a suspect's right to silence in terrorist cases, fresh initiatives to improva intelligence-gathering and the provision of bigger payments to informers.

The proposals were discussed at Downing Street meet-ings yesterday which coincided with the start of the inquest in Gibraltar on the three IRA terrorists killed there by the SAS in March. As well as Mrs Margaret

Thatcher, Prime Minister, and Mr Tom King, Northern Ireland Secretary, several other cabinet ministers were understood to have taken part in the talks, which were the sequel to Downing Street discussions held last month in the wake of the murder of eight British soldiers in Tyrone. The reintroduction of selective internment is believed not to be under active consideration because of the counter productive impact ministers believe it would have on efforts

to curb IRA activities. British ministers, keen to make advances on a broader, political front, are expected to hold an early meeting with their Irish counterparts under the auspices of the Anglo-Irish

The UK Government has served clear notice on M. Felix Pizzarello, the coroner, that it intends to do its utmost to protect the intelligence operation that preceded the killings.

Mr Patrick McGrory, chief counsel for the families. attacked sections of the British press for reporting the shoot-ings in a way which would have turned Gibraltarians

INSIDE

The race is on for Japanese savers



Jananese savers are being ments, promises, and free gifts in a race for the money which is being removed from the country's post

offices and commercial banks following the abolition of tax-breaks on small deposits. Although tha banks expected a loss of funds because of the tax changes, many under-estimated how much money would go. Page 26

Election holds little promise for Singapore's market

The outlook for Singapore's stock market is uncertain, despite the promise of stability heralded by the recent electoral victory of the Peopla's Action Party, an economic boom, and an abundance of spare cash among small investors. Singapore, which fell more heavily than most during last year's stock market crash, still has a lot of ground to make up.

Executive shake-up at Zanussi



1000

KER 4

Zanussi, Italian arm of Sweden's Electrolux white goods group, com-bined news of strong results — the strongest since Electrolux took over the company in 1985 — with the announcement of a major decentralisation of ent Chairman Gian Mario Rossignolo (left) said the new struc-

ture aims to strengthen global links within the Electrolux group and increase autonomy and responsibility in the company's operating units. Page 24

Taiwan invests hope abroad

Talwan'a banks, which have languished under Government control, are set for an important transformation. Pressure is growing for a move to privatisation which, it is hoped, will improve services and broadan scope for expansion overseas. Questions remain over the pace and the scope of liberalisation. Page 25

3M buys into the sponge market Chargeurs, diversified French industrial group, is selling Spontex, world's leading maker of sponges, to 3M of the

US for FFr1.1bn (\$180m). Spontex has sales of about FFr1bn and achieved operating profits of around FFr80m last year. It employs nearly 1,700 people in 10 different countries and has a global marketing network for its consumer products. Page 24. -US for FFr1.1bn (\$180m).

Analysts eye up oil prices

While oil companies are anxiously watching tha drop in crude price surprised they are still so high. "Fundamentals say prices should collapse," according to one. The fundamentals are a steady increase in Opec production to nearly 20m barrela a day, high stock levels, and no great spurt in demand. Steven Butler reports. Page 25

Market Statistics

Base lending rates European options each FT-A indices FT-A world indices FT int bond service Financial futures Foreign exchanges

 London traded options.
 London tradit, options 44 - Money markets
25 - World commodity prices
31 - World stock mid indices
31 - UK dividends amounced

Companies in this section

Aerolineas Barker (Charles) Beattle (James Bongrain Booker CRH Cannon Street Inva

Chang Hua Chargeurs Clayform Properties Eadle Holdings Fasex Chemical European Home Expamet Inti First Comm Bk. Hambro Countrywide

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Battling against a wave of greenmail

Stefan Wagstyl looks at new moves to combat Japanese corporate raiders

apan is considering steps to control the country's corporate raiders, speculative investors who buy large blocks of shares and try to force a company to buy them back.

While hostile takeovers are

rare in Japan, greenmail is not. Speculative investors have long been adept at buying big stakes in companies and then threatening to make trouble for the management by forcing disruptive wotes at annual general meetings.
The target companies have usually been as discreet as the raiders — most pay up to get the speculators off their backs.
But a sharp increase in the size and scale of the raiders' activities

in the last three years has prompted the Japanese Ministry of Finance to act. It emerged yesterday that a study group spon-sored by the ministry is to inves-tigate proposals to introduce a requirement for investors buying 5 per cent or more of a company's stock to reveal their holdings. At present, there is no disclo-sure requirement. A 10 per cent limit will come into effect in

April, as part of a new code on insider dealing.

The proposals will not prevent greenmail ontright but should make it more difficult to build up stakes surreptitiously. Stockbro kers say that everything depends on how any new rules are imple-mented, in particular on whether raiders will be able to get away with disgnising their activities among diffarent nominee accounts. However, the authorities have a new-found determination to improve standards of disclosure in Tokyo in resonse to foreign criticism.

Japanese greenmailers are mostly groups of wealthy individ-uals who put together their own money and loans raised from banks, often secured by shares or property. For a long time they concentrated on small companies in old industries such as ship-building, frequently cboosing those with undervalued land holdings.

But the funds generated by the boom in land and stock prices in the 1980s has magnified the raid-ers' resources. Mr Peter Tasker, research manager of Kleinwort Benson International, says in a report: "The financial muscle of non-establishment Japan has increased at the same fiercesome pace as Japan Inc."

For example, some of the best-known raiders are companies in Azabu Group, which is headed by Mr Kitaro Watanabe, a former used car salesman turned property developer. Fortune, the US business magazine, recently put him in a list of the world's wealthiest men with estimated wealth of \$1bn.

As the raiders have grown so have the targets. Nilnon Land, an Osaka property company special-ising in greenmail, last year made an estimated Y10bn out of raids on Mitsui Toatsu Chemicals and Toyoda Automatic Loom

Works, a company connected Mr Akira Masayama, the com-

with Toyota Motor. This year, Nihon Land upped the stakes, buying a 22 per cent stake in Konica, the camera company which is capitalised at nearly Y600bn (\$4.4bn). Konica's share price has doubled since the beginning of the year, giving the raiders a huge (if unrealised)

Konica is furious, not least because the sudden upswing in its share price has, under stock exchange rules, prevented the company from issuing new

The Nihon Keisai Shimbun, Japan's leading economic news-paper, estimated recently that raiders had been active in 10 per cent of the companies listed on the exchange's first section, or about 150 companies. However, quite apart from the ministry's deliberations, there are signs that the establishment is fighting

ast year, Korin Sangyo, one of the biggest raiders, built up a 43 per cent stake in Kokusai Kogyo, Japan's leading aerial survey company. The shares more than trebled in value, and Korin tried to sell its stake to Kokusai but the com-

pany refused to negotiate.

Then this year Mr Kenzo
Masayama, Kokusai's founder
and chairman who controls 15 per cent of the stock, threatened to vote with the raiders at the AGM - to the disgust of his son,

pany president.
But days before its annual meeting in June, Kokusai won a court order annulling the speculators voting rights. The speculators have appealed against the judgement, which was given on the grounds that their activities were "socially unacceptable."
Lawyers have questioned whether the verdict has any basis in law. In the meantime, Mr Masayama senior bas been

demoted to consultant. Kleinwort's Mr Taskar says: The outcome of this case is vital for the future of cornering

operations. The increase in corporate raiding raises questions about the future of the Japanese taboo on hostile takeovers. The law does not forbid takeovers - but makes them very difficult to achieve in the face of opposition achieve in the race of opposition from the management of the tar-get company. The emphasis in Japanese corporate thinking is on self-generated growth. Share-holders' rights rank lower in people's minds than employee

Nevertheless, the number of domestic takeovers is increasing, having doubled in the last five years to more than 200 in 1987. Growing number of businessmen who founded companies just after the Second World War want to retire and choose to sell, particularly if they have no heirs.

Kokusai Kogyo Konica nare price (Yen thousand)

and friendly financial institutions - are slowly adopting more aggressive fund management techniques. So they are likely to start buying and selling stock more than before. But so fer hostile bids bave

been conspicuous by their fail-ure, most notably in the attempt Moreover, hitherto stable by Minebea, a ball bearing shareholders - including banks maker, to win contol of Sankyo

Despite acquiring an 18 per cent stake in Sankyo Seiki, Minebea failed to persuade Sankyo's man-agement of the merits of merger. Sankyo later found a friendly shareholder in Nippon Steel, the number one steelmaker, the time-honoured Japanese way of securing a corporate older

Japanese bow to foreign pressure on key bond issue

By Stephen Fidler, Euromarkets Correspondent, in London

bowed to pressure from the US and European governments and announced plans to give foreign-figures and securities firms enlarged access to the underwrit-ing and distribution of the key 10-year. Japanese government bond listes.

The new distribution roles for for 40 per cent of the 10-year bonds, which account for about 35 per cent of all Japanese government bond issues, should take effect from naxt April, the beginning of the Japanese fiscal year. Restricted access to the govern-ment bond market has been the

largest remaining obstacle cited by foreign securities firms to their business in Tokyo. The proposal will go a signifi-cant way to satisfy foreign crit-ics, who have been plugging away for years at the subject, but has the added benefit for the Min-istry of Financa of probably

According to Japanese reports, the issue was given added urgency by the prospect that US trade legislation being considered by Congress would oust Japanese firms as primary dealers in the

reducing its cost of funding.

JAPAN'S Ministry of Finance has US firms were granted reciprocal

privileges in Japan.

Mr Gerald Corrigan, president of the Federal Reserve Bank of New York, welcomed the moves:

"I regard the far-reaching steps announced today in Tokyo as a very constructive development." The newly-proposed rules call

will be distributed pro-rata among the 815 domestic and for-eign financial institutions in long established underwriting syndi-cate at the average price set in the auction. The share of the foreign firms' in this syndicate there are 34 foreign securities firms and 30 foreign banks in the 815-strong group — will also be increased to 8 per cent from 2% per cent at present.

The bond's coupon and and issue voluma will be pre-set through negotiations between the ministry and syndicate. If bid-ding fails to reach 40 per cent, the rest of the bonds will be take up by the syndicate according to their pro-rata shares. In addition, four foreign firms

will be appointed to the management of the syndicate group.

S&L rescue sparks controversy

By Anatole Kaletsky in Naw York

THE \$2.5bn rescue of American Savings and Loan, second-largest US thrift institution, apparently included a controversial provi-sion allowing tha thrift's new owner, Mr Robert Bass of Fort Worth, Texas, to channel up to \$1.5bn of its assets into mer-chant banking transactions and

leveraged buyouts.

This unusual aspect of the rescue, whose outlines were announced on Monday night by the Federal Home Loan Bank Board (FHBLBB), is bound to provoke criticism in the Congress. It was confirmed by Mr Danny Wall, FHLBB chairman.

Mr Wali also said the recapt-talised American Savings would continue to operate under a California state charter rather than a Federal one, allowing it much greater leeway to invest its depositors' funds

In previous savings and loan (S&L) rescnes, the FHLBB has insisted on institutions converting to federal charters, since Federal regulation generally imposes tighter constraints.

Mr Wall has argued forcefully that lax regulation at the state, rather than Federal, level was largely to blame for the industry's present troubles. American Savings and Loan rescue, Page 23

CRA earnings hit record of A\$212m in first - half

By Chris Sherwell in Perth

THE FULL impact on corporate earnings of the recent turnround in world metal prices was under-lined yesterday when CRA, the diversified Australian resources group 49 per cent owned by RTZ of the UK, reported half-year profits which equalled 1987's record year result.

Mr John Ralph, managing director, said: "It's great to have some good news to report at last.

After the generally poor results and adjustment of the early 1980s, the fundamentals of comthey have been for 15 years." Group net profits were A\$212.5m (US\$170m) for the six months to June. Including CRA's

equity share of its associates' earnings, the result was A\$227.6m Equivalent full-year figures in 1987 were A\$199.3m and A\$332.1m. For the comparable

first six months alone, earnings were just A\$16.8m before equity accounting and A\$31.1m afterwards. Extraordinary gains for the six months were static at A\$104m. Revenues rose 26 per cent to

A\$2.9bn. Profits from aluminium, iron ore, coal and lead, zinc and silver all exceeded or matched the full-year contributions seen in 1987. Copper and gold were double last year's six-month contribution.

Apart from better commodity prices, CRA attributed the dra-

matic increase to reductions in corporate tax rates in Australia New Zealand (48 per cent to 28 per cent), and to real improvements in operating performance and productivity.

The rise in revenues and profit, however, was offset by a nine per cent strengthening of the Australian dollar, from an average of 69 US cents in the first half of 1987 to 75 cents in the first half of 1988. Currently it stands at about 80 cents.

Mr Ralph said commodity

prices were expected to remain strong into 1989, despite a fall back from the peaks attained ear-lier in the year. He said invento-ries were at historically low levels and demand remained firm.

CRA was considering unspecified acquisitions, Mr Ralph said. It also boped for a change in gov-

ernment uranium policy which would allow the development of its Kintyre resource in western Australia, and was continuing coal and gold feasibility studies in Indonesia and Papua New The company beld off announc-

ing a dividend, pending an extraordinary general meeting to discuss a share investment plan. but promised an interim payout of at least 18 cents, a sharp rise on the 5 cents last year.
It said this would be unfranked

under Australia's dividend imputation system for tax purposes. because all available franked income had been used on the 1987 final dividend.

US Treasury bond market, unless

that it block a higher offer for the high company from rival bldder Grand Metropolitan.

The full panel upheld a decision by its executive that Grand-Met, the UK drinks group, could increase its offer from 154 to 155.25p a share.

Grand Met unveiled the new offer on Sunday, pre-empting a

move today to the Irish High Court, which will decide whether or not to grant a further injunction to Pernod Ricard restraining

taking from the company to com-mit the stake to its bid. Pernod Ricard claims to have irrevocable undertakings in respect of about 46.8 per cent of Irish Distillers which, with its own five per cent stake, would give it 51.8 per cent. FII Fyfies appeared to change its mind on Sunday after Grand-Met was freed to increase its

offer, which now values the whis-key distiller at I£332m (\$474m). Pernod Ricard's offer values the company at I£285m. GrandMet had to secure the

first offer had been final — at the request of the panel — and any increase was dependent on a competing offer emerging.

Yesterday's full panel meeting, confirming the executive's deci-sion, said: The executive were right to treat the Pernod Ricard proposal - under which they would have secured control of their formal bid - as being a bid

GrandMet immediately sent its new offer to shareholders of Irish Distillers and said that unless Pernod Ricard at least matched its offer the board of Irish Distillers should withdraw its support for the French group's bid and recommend that of GrandMet.

Pernod Ricard appeal rejected

THE FULL Takeover Panel yesterday rejected an appeal by Pernod Ricard, the French drinks group bidding for Irish Distillers, that it block a higher offer for the Irish company from rival bidder Grand Metropolitan.

FII Pyffes, the Dublin food group, from selling a 20 per cent stake in Irish Distillers to anyone.

On Monday Pernod Ricard was granted a temporary injunction restraining FII Fyffes, arguing that it has an irrevocable under-

offer on Sunday, pre-empting a lower bid of I£4.50 announced by Pernod Ricard the following day: The Pernod bid is being recommended by the Irish Distillers

The focus of the battle will

permission of the Takeover Panel to increase the bid because its

SEDGWICK Group, tha world's second biggest insurance broker, has shed 620 staff in the last 12 months but saw its half-yearly pre-tax profits drop 26 per cent to 261.9m (\$105m) amid the worst trading conditions in the broking community's recent history.

In spite of winning new business, including a contract to place insurance at Lloyd's for United Airlines, the Londonbased group yesterday said it was planning for a continuation throughout 1989 of the cyclical downturn which began to hit the

sector 18 months ago. Sedgwick said it was pressing ahead with expense controls that have included a 4.3 per cent

reduction in personnel since Mr David Rowland, chief executive, said: These reductions can be handled within our normal staff turnover, but I would

Among Sedgwick's difficulties has been the drop since early 1987 in premium rates for some classes of US property/casualty insurance. Another has been the low level of the US dollar, the currency for about 65 per cent of its business in 1987. Mr Stuart Tarrant, finance director, said this caused a gross profits reduc-tion of about £10m, reduced to 25m by strategic hedging. The company has also suffered

from declining marine and aviation insurance prices in the London market surrounding Lloyd's, where Sedgwick handles about 20 per cent of premium volume.

10.6 per cent to £319.7m in the six months to June 30. Earnings per share slipped from 12.4p to 9.8p and the group is maintaining its interim dividend at 4p. The pre-tax result was at the top end of London analysts' expectations.

Carroll Industries Corporation plc £64,000,000 Secured Medium Term Development Loans Carrying a fixed rate of interest and allowing flexibility of drawdown In connection with the Hatfield Gallerias Samuel Montagu & Co. Limited The Industrial Bank of Japan, Limited The Long-Term Credit Bank of Japan, Limited Samuel Montagn & Co. Limited The Tokai Bank, Limited The Toronto-Dominion Bank Canadian Imperial Bank of Commerce Standard Chartered Bank S.F.E. Bank Limited Crédit Commercial de France Swingline Bank The Industrial Bank of Japan, Limited Samuel Montagu & Co. Limited In conjunction with Prudential Portfolio Managers Limited Advisors to the Banks Jones Lang Wootton Samuel Montagu & Co. Limited August, 1988

Sedgwick profits drop by 26%

By Nick Bunker in London

expect the trend to continue."

. Sedgwick's gross revenues, including investment income, fell

The biggest percentage drop in pre-tax profits was at Sedgwick's US subsidiary, Fred S. James, partly reflecting rate-cutting by property/casualty insurers. Lex, Page 20

anelan

2000

Perhaps the most remark-

able thing about the Roman Empire was that, at its greatest geographic extension, its security was assured by a mere thirty legions. From Scotland to Egypt no more than 180,000 regular troops kept

the Empire in tranquility.

The key to this manpower-efficient defense was the metalled road.

Metalled roads provided a great logistic advantage over ordinary dirt highways, which could not support the traffic of a marching legion (around 6,000 troops and a like number of animals). Even in dry weather, movement was restricted to about twelve miles per day. In rain and snow, dirt roads were churned into quagmires, and movement stopped altogether:

But on their extensive network of paved, engineered roads, the Roman troops could march thirty miles a day—in all weather. Legions could be quickly shuttled around the empire to respond to unrest in one province, or the invasion of another. In this way, Rome could afford a much smaller defense establishment than the geographic size

of her empire would suggest.

In the late 20th century this lesson of strategic and tactical mobility is still apt. For the United States,

and tactical mobility is still apt. For the United States, with our global commitments, our Roman roads are our airlift fleet.

Presently that logistic potential is adequate to respond to small scale crises around the world. But in the event of a major outbreak overseas, and given the strength of our current airlift fleet, there has been some debate as to our ability to protect our worldwide interests. our worldwide interests.

Our worldwide interests.

Flexibility is critical to an efficient defense. Julius Caesar understood it. All Romans understood it. It was the primary reason for their paved roads. Without them, the Roman Empire would not have lasted as long as it did, for the mere knowledge that legions could be on the scene within weeks was usually sufficient to keep the peace.

In the near future, the knowledge that over-whelming American force might be on the scene within hours would give pause to potential enemies. And that, in the final analysis, would be the most efficient defense of all.

Lockheed



INTERNATIONAL COMPANIES AND FINANCE

American S&L rescue triggers disquiet

Anatole Kaletsky reports on the Bass Group's \$2.5bn acquisition of a bankrupt thrift

he wheel of history in the publishing, cable televi-came full circle yester-day when the US finan-community began to ana-while little is known about cial community began to analyse the record-breaking rescue of the American Savings & Loan Association, announced on Monday night by the Federal Home Loan Bank Board (FHLBB).

Most details of the \$2.5bn deal between the bank board and Mr Robert Bass, the fever ishly acquisitive young billionaire from Texas, remained shrouded in secrecy, as Mr Danny Wall, FHLBB chairman, prepared himself for some prepared nimsell for some tough grilling on Thursday by his Congressional paymasters. But one novel feature of the agreement seemed guaranteed to maximise the criticism and disquiet in Washington and on Wall Change

For it turned out that one of the main attractions of the American S&L acquisition for Mr Bass and his partners would be the opportunity to use up to \$1.5bn of the \$30bn thrift institution's funds for investment in merchant bank-ing transactions and leveraged buyouts.

The question which is now bound to be asked is whether the management of the recapitalised American S&L might ultimately prove as questionable as its predecessors in its use of this cheap government-guaranteed money.

Mr Bass has recently been ica (FCA).

one of the most active deal—However, the possibility that makers on Wall Street, initiating nearly \$5bn worth of S&L would be transformed in highly leveraged transactions part into a leveraged buyout

By Our Financial Staff

PROCTER & GAMBLE, the

in Caracas.

The US group said the venture had to be approved by the Venezuelan Government and

declined to disclose terms of

Mammi makes and markets

the agreement.

Mr. Bass's long-range plans in the thrift industry, his appar-ant plans to invest in leveraged

bryouts may help to explain his group's insistence that American S&I, would retain its California state charter, rather than converting to a federally-chartered institution. The FHLBB's usual practice in savings and loans rescues has been to insist on a federal charter for the refinanced insti-

tution. Federally-chartered

thrifts are far more restricted in their investment and fund-

ing practices than state-gov-erned institutions.

This aspect of the rescue did not figure in the FHLBB's terse formal amouncement on Mon-day night. That simply spelt out the financial details of the

deal.

The Bass Group would invest \$550m, while the FHLBB's deposit insurance arm, the Federal Savings and Loan Insurance Corporation (FSLIC), would inject \$25m through promissory notes and accept greentees. asset guarantees. In addition, the FSLIC said it

In addition, the FSLIC said it injected \$250m-of cash into American S&L as part of a preliminary receivership transaction, which took the savings unit out of its parent company, Financial Corporation of America (FCA)

subsidiary, Procter and Gam-ble de Venezuela, had facilities

oil company, is studying a \$500m expansion programme for its natural gas liquids com-

plex in the east of the country. The expansion would involve

installing a third processing line at the facility, the Eastern



Charles Knapp: bets finally called in

vehicle emerged in telephone interviews given by Mr Wall after Monday night's

Inevitably, this may evoke unhappy recollections of the audacious Mr Charles Knapp, the irrepressible creator and subsequent destroyer of American S&L.

can S&L.

The principle which governed the rise and fall of American S&L was Mr Knapp's vision that wholesale money markets could be tapped on a gargantuan scale to finance gambles on the course of interest rates.

The fact that thrift institutions were seen as benefiting from implicit federal government guarantees made whole-sale investors, particularly in

By Alan Friedman in Milan

ITALY's Banca Commerciale

Italiana (BCI), still smarting from its inability to acquire Irving Trust of New York after

a troublesome intervention by the US Federal Reserve Board, yesterday took aim at the Ital-ian Foreign Ministry in Rome. The Milan-based bank issued

a brief and curious statement

last night only a day after a senior official of the Italian

Foreign Ministry was quoted as complaining that the bank would have done better in the

the far-flung Euromarkets, vir-tually indifferent to the risks Mr Knapp was taking with American S&L and FCA.

When Mr Knapp's bets were finally called in, as a result of the interest rate spike of 1984, FCA was forced to rewrite its quarterly results to show large losses instead of previously-re-ported profits.

n the summer of 1984, shortly after the collapse of Continental Illinois Bank in Chicago, FCA suffered a \$7bn run on its deposits; originating mostly in the Euromarkets. Mr Knapp emerged from the FCA debacle substantially enriched and with his reputation virtually undented.

step it had taken in the battle

for Irving.
BCI also said that "it is the

Bank of Italy which is respon-

sible for handling relations

with the central banks of other countries, in this case with the

Federal Reserve." The Italian bank withdrew

from the battle for Irving last

month after an unexpected

request by the Fed for informa-tion from the IRI group, the

Italian state company which

has majority control of BCI and which also has a range of industrial holdings.

Not only did he receive a \$2m payoff from FCA when what was then the nation's largest thrift was taken under the FHLBB's protection, he soon found new ways of capi-talising on his contacts and

renown in the Euromarkets.
Less than two years after FCA's collapse, Mr Knapp launched the first ever hostile takeover bid against a Japanese company by a foreign acquirer when he offered to but Minches one of the court buy Minebea, one of the country's leading manufacturers of ball-bearings.

This bid, which also depended on intimate understanding of come of the shader

standing of some of the shadowy recesses of the Euromar-kets, was thwarted.

But Mr Knapp later came

forward with a partial bid for Britain's Grand Metropolitan, which was also unsuccessful. Undaunted, Mr Knapp announced last June that he was setting up a new California-based mortgage institution. His plan, predictably enough, was "to build one of the largest lending organisations in this

country. This objective was announced by Mr Lawrence Taggart, a former California savings and loan commissioner whom Mr Knapp hired to run

his new business.
It is not surprising that world financial markets remain apprehensive about the future of US thrift institutions, even after the \$15bn worth of rescues and recapitalisations announced in the last three months by the FHLBB.

BCI rejects ministry complaint in these matters." Reuter reports from New York: Irving has again asked the Fed not to extend its approval for a Bank of New York takeover bid for Irving when it expires today. The Fed has already extended the

approval twice.
Irving has told the Fed that, with BCI dropping its bid for Irving, an extension of BNY's bid would favour that offer and discourage others. "The grant-ing of a third extension to BNY will create the unavoidable impression that BNY has been granted special, favoured treatment, and that competing bidders will be disadvantaged,"

Irving argues.

Essex faces \$366m bid from Dow Chemical

By James Buchan in New York

DOW CHEMICAL, the big US producer of bulk chemicals which is enjoying strong prof-its, will this week launch a \$366.1m offer for Essex Chemical as part of a friendly agree-ment with the New Jersey specialty chemicals company.

The offer, which values Essex at \$36 a share, is partly designed to thwart an attempted takeover from Gurit-Heberlein, the Swiss chemicals manufacturer which is Essex's ioint. Essex's joint venture partner

in Europe.

It was not clear yesterday whether Gurit, which is barred by court order from pursuing its own tender offer, would seek to match Dow's

But Wall Street analysts doubted that Gurit, which had said it was prepared to pay \$32 a share, would stay in the auction against such a powerful adversary as Dow.

Essex, which operates 19 plants in the US and one in Canada, makes a range of industrial chemicals and drugs.

However, its main business is specialty products for the automotive and engineering industries.

The company earned only about \$1.8m from continuing operations in 1987 because of heavy start-up costs in some businesses, though its sales

were \$208.8m. But Mr Frank Popoff, who as Dow chairman is trying to balance the company's cyclical bulk chemicals with a more stable specialty business, said: "Essex complements Dow's businesses, particularly in the antomotive industrial adhe-

sives and sealants areas. "Essex will further enhance Dow's strong specialties The Gurit offer, originally pitched at \$24 a share, infuri-

ated Essex because the two companies had been working together in a prosperous joint venture in the European automotive market for 20 years. Essex sued Gurit on the grounds that it made use of private information from the joint venture. In June, a New Jersey court enjoined the

offer,

La Générale to launch radical strategic plan

THE re-organised management Lehman Hutton, Mr Alain of Société Générale de Belgique is to produce by the end of the year a far-reaching strategic plan for the sprawling conglomerate, following yester-day's formal peace pact between the group's former

embattled sharebolders. Mr Herve de Carmoy, the former director of Britain's Midland Bank, who was confirmed at yesterday's extraordinary general meeting as the group's new managing director, said:
"We are determined to turn this Belgian holding company into a centre of European excellence with a global voca-

The meeting set the seal on the reconciliation of the two rival sharebolder camps led by Mr Carlo De Benedetti and Compagnie Financière de Suez, the French investment bank, which last year fought a bitter bid battle for control of La

Générale. The accord gives the Italian businessman and his support-ers four seats on the 20-man board and formalises a streamlined and modernised senior management structure for the group, developed by the new investors over the past two months and involving a large reshuffle for existing directors. Mr René Lamy, former gov-ernor, becomes president although be will retire next April, to be succeeded by Viscount Etienne Davignon, a

prominent player in the battle. Mr Lamy will hand over most of his duties to Viscount Davignon at the turn of the year. Mr De Benedetti's three

boardroom allies were con-firmed yesterday as Mr Peter Cohen, chairman of the US Guy de Wouters, an existing investment bank Sbearson director.

Minc, managing director of Cerus, Mr De Benedetti's French-based bid vebicle and Mr René Thomas, president of Banque Nationale de Paris.

Sharebolders also formalised the creation a new nine-man executive management committee, responsible to the main board and in charge of operations.

This is headed by Mr de Carmoy and includes three other new recruits to La Générale's senior management. They are Mr Marc Depuydt, former personnel director for General Motors in Europe who takes the new post of human resources director, Mr Georges Ugeux, recruited from Morgan Stanley in London to become finance director, and an as yet un-named French executive to become director of corporate strategy.

The executive management committee will draw up and execute the forthcoming strategic plan, an outline of which is expected to be unveiled in

November. The broad thrust, said Mr de Carmoy, would be to restrict La Generale's investments to companies where it could exert influence, implying that it would reassess its involvement in its more than 1,200 husi-nesses in which it has stakes, some of them small minorities. Yesterday's resbuffle also

gives Mr de Carmoy a seat on the 11-man executive committee, an advisory body between the main board and the management committee. The only other executives to

have a seat at all three levels are Viscount Davignon and Mr

Swissair drops Aerolineas interest By Gary Mead in Buenos Aires

SWISSAIR is to withdraw its offer to buy a stake in Aeroli-That offer was dismissed by offer to buy a stake in Aerolineas Argentinas, the Argentine national airline. The Swiss air-

publicly announced its interest

line had formed part of a con-sortium, including Alitalia, the Italian carrier, which in July

the Argentine Government, which announced on August 11 that it had concluded negotia-tions with Scandinavian Airline Systems (SAS) for it to purchase 40 per cent of Aeroliin purchasing a 55 per cent neas, for \$204m. 267

July 1983

would have none better in the last state latently, the sastern brand in Venezuela, together. Ingethane from natural gas, with other baby-related items. The complex, which was it employs about 500 workers completed in 1985 at a cost of process. BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of the Bank of Italy official said: "We confirm the Banca Committed of the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had informed the Bank of Italy official said: "We confirm the Banca Committed of BCI said yesterday it had industrial holdings."

Procter & Gamble forms

Venezuelan joint venture

leading US household and personal care products group, is in Caracas and Barquanus forming a joint venture with and employed about 1,000.

Industrias Mammi, a personal Joe Mann adds from Caracas and Barquanus forming a joint venture with and employed about 1,000.

Industrias Mammi, a personal Joe Mann adds from Caracas and Barquanus is studying a

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July 1988

Huhtamäki Oy has acquired Lilypak Limited

(Incorporated in Australia)

Lilypak Industries Limited
(Incorporated in New Zealand)

from

Reil Corporation Limited

We initiated this transaction, assisted in the negotiations and acted as financial advisor to Huhtamāki Oy

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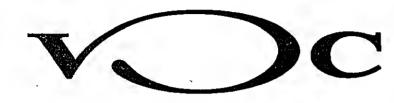
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1987 Profit before tax (£, 000) 7,208 4,024 Fully Taxed Earnings per ordinary share (pence) 6.72 2.0p Net dividend per ordinary share (pence)

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W T Hislop, Chairman

INTERNATIONAL COMPANIES AND FINANCE

Zanussi lifts sales by 15% and plans to decentralise

Sweden's Electrolux white goods group which is about to lose its chief executive to Alitalia, the Italian airline, yester-day combined news of strong results with the announcement of a hig decentralisation of its

Mr Gian Mario Rossignolo, the chairman, said that the the chairman, said that the new structure aims at strengthening the global links inside the Electrolux group and at giving increased autonomy and responsibility to the company's operating units.

Mr Rossignolo also revealed that Zanussi's results for the first half of 1988 had been the strongest since Electrolux took

strongest since Electrolux took control in early 1985 of the then ailing Italian domestic appliance manufacturer.

He said that first-half sales had risen by 15 per cent, com-pared with the same period in 1987, to Lil,005bn (\$727m) and the company's debt had been cut by 9 per cent to L370bm, despite L50bn of acquisitions. Mr Rossignolo declined to reveal net profits but he left no doubt that they were comfortably ahead of the L40bn of last year's first half.

Zanussi's sales have been riding the crest of strong con-sumer demand in Italy and other European countries with 70 per cent of the company's turnover coming from exports. Mr Rossignolo said that overall demand in the first half was about 9 per cent up on 1987 and that therefore it had been increasing its market share.
The most important change in the pattern of sales has been

a leap in deliveries of appli-

FEDERAL EXPRESS of the US,

one of the world's largest package delivery companies, is

negotiating to buy Unilever's

transport operations in West Germany and the Netherlands. The Memphis-based com-

pany said yesterday that it expected the deals to be com-

pleted by the end of the year.

sideration would not be signifi-

With combined sales of about DM400m (\$216m) a year, the proposed acquisitions

employ more than 2,000 people

in mainly domestic operations,

CLUB MEDITERRANEE, the French holidays group, has sold its 4.6 per cent sharehold-

ing in Internationale des Wag-

ons-Lits et dn Tourisme, the Belgian travel and tourism

industry group.
Wagons-Lits said that Club
Méditerranée had sold the

stake to the other main share-holders in Wagons-Lits. Terms

of the transaction were not dis-

The value of the transaction

amounts to about BFr983m

CORPORATE SECURITY

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FINANCIAL TIMES

By our financial staff

yet been disclosed.

By Christopher Parkes, Consumer Industries Editor

Gian Mario Rossignolo: reported strong results

ances for catering and public cleaning services. Overall sales in this sector have risen by 58 per cent making them Zan-ussi's second largest activity after domestic appliances with 17 per cent of total turnover. Discounting the acquisition of four companies, the sales increase in this area is still 25

Meanwhile sales of domestic appliances have risen by 6.8 per cent and account for 67 per cent of total turnover. Indus-trial components have risen by 18 per cent to account for 16 per cent of turnover.

Mr Rossignolo said that fol-lowing the departure of Mr Carlo Verri, the chief execu-tive, the company's main oper-ating activities would be grouped into five subsidiaries, from October 1, each headed by a managing director.

Unilever freight disposal talks

which include freight forward-

ing, contract distribution, inland waterway shipping and

road haulage. Federal Express has sales of

about \$4bn a year, flies a fleet of more than 200 aircraft and

employs almost 60,000 people worldwide. It said the pur-chases would complement its

Mr Mario Vischi, a recent recruit from Italial, the Italian state telecommunications com-pany, will head Zanussi Elet-trodomestici, Mr Aldo Sesse-golo will head Zanussi Marketing Italia, Mr Gian Franco Zoppas will head Zan-ussi Grandi Impianti and Mr Leonello Verduzio will head Zanussi Componenti and Zan-passi Tarmologia

inside Italy and with the group as a whole, will be strengthened. Mr Lennart Ribohn, the senior executive vice-president of Electrolux, is to be the managing director of Elfin Holding Electrolux, the Italian company which groups Zanussi's other non-domestic appliance

Mr Rossignolo also revealed that the company had virtually given up hope of securing a listing for Electrolux certificates on the Milan stock exchange. He claimed that the Bank of Raly was opposed to the listing of foreign companies on the grounds that this might divert investment savings away from government. savings away from government securities, which have to be sold to finance the national budget deficit.

Alan Friedman writes from Milan: An official at the Bank of Italy in Rome said last night that it "was absolutely erroneous" to accuse the central bank of blocking a share listing as "hat sort of decison is not our responsibility". Share listings are generally aproved by the Consob, the stock market regulatory authority. latory authority.

ussi Tecnologia.
At the same time, Electrohix's involvement in the co-ordination of Zanussi's activities
inside Italy and with the group

group, decided to concentrate

ConAgra subsidiary his assets in the meat and fish processing business in a sens-

INTERNATIONAL Fish and INTERNATIONAL Fish and Meat (IFM), the privately-owned French company which brings together the sausage, meat and fish processing interests of the Bongrain family, has acquired a subsidiary of Conagra, the US diversified foods grayin

ConAgra, the US diversified foods group.

The acquisition is part of moves to expand its American food processing operations.

Mr. Herve Lasseigne, the managing director of FM, said yesterday that IFM had bought the Moultrie abatton in Georgia from ConAgra for an undisclosed amount. The deal will boost IFM's sales in the US to shout \$250m. IFM already owns the Sunnyland meat processing

the Sunnyland meet processing business in the US.

IFM was set up at the beginning of this year when Mr Jean-Noel Bongrain, the head of the French Bongrain cheese

rate holding company.

IFM expects sales this year to total FFr3bn (3430m) with the US operations accounting for about 50 per cent. Mr Las-seigne said that IFM intended

to continue to develop its

to continue to develop its
American operations through
further acquisitions.
At the same time, the company will also boost its fish
processing business through
acquisitions. These operations
currently account for about 5
per cent of IFM's turnover. per cent of IFM's turnover, IFM recently acquired con-trol of Nutrimer and Cuisimer, two French fish processing

companies. The company is also about to take control of another family-owned meat processing com-pany called Ciaviere, which is based in the Jura region of

Chargeurs' sponge maker sold to 3M

CHARGEURS, the diversified French industrial group, is sell-ing Sponter, the world's leading maker of synthetic sponges, to 3M of the US for FFriibn (\$180m). Based at Beauvais in North-

ern France, Spontex has sales of about FFribn and achieved of about Frinn and athever operating profits of around Frison last year. It employs nearly 1,700 people in 10 differ-ent countries and has a global marketing network for its consumer products.

The French operations of

Spontex, which makes cellulose as well as sponges, reported profits of nearly FF190m on sales of FF1610m last year. 3M intends to continue mar-

keting Spontex products under their original brand names. Mr Alain Limouzineau is expected to remain Spontex chief execu-

The disposal is part of Chargeurs' efforts to concentrate

business efforts on aviation and textiles. Chargeurs con-trols the UTA long-distance airline and has recently acquired significant inter-ests in the French textile busi-

Chargeurs, which is headed by Mr Jerome Seydoux, has recently shed its Chargeurs

Reunis shipping subsidiary, selling out earlier this year to the Delmas-Vielleux group.

The French group said yesterday it believed 3M could provide wider development opportunities for Spontex since its operations were complementary to those of the American group.

can group.

Last year 3M reported profits of \$9.8m on sales of \$9.4bn. The American group already employs about 3,800 people in France where its sales total about FFr3.7m.

The sale of Spontex is subject to approximate the relevant to approximate the relevant to the relevant to approximate the relevant to the relevan

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45 C. F. 4. 25"

ject to approval from the rele-vant French authorities.

The price for the businesses -Elbe Transport in Germany international air express services, and provide improved facilities "when the packets hit the ground." stripping down of its operations to core interests. and Transport Groep Alvracht in the Netherlands - has not From 1984 to 1987 it sold more The group, which is credited with introducing overnight delivery services into North Unilever, the Anglo-Dutch consumer goods and speciality chemicals group, said the con-

(\$25m), on the basis of Wag-ons-Lits stock market price of BFr5,300. Wagons-Lits has a lit-investors, with a holding of 9.6

ARAB

BANKING

The Financial Times proposes to publish this survey on:

17th October 1988

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FINANCIAL TIMES

per cent.

America and now commands more than a 50 per cent share

tion for aggressive marketing. However, its progress in the still-fragmented European mar-

tle more than 4m shares out-

in Wagons-Lits are Caisse des Dépots et de Consignations, a French state-controlled finan-

cial institution, which had a stake of 26.2 per cent in Wag-ons Lits before the sale;

Groupe Bruxelles Lambert

(GBL), Belgium-s second largest holding company, with a

The other main shareholders

Club Med sells stake in Wagon-Lits

and problems associated with customs barriers and bilateral

California, TNT of Australia,

It has lately concentrated on improving its infrastructure and has already taken over Lex Wilkinson in the UK and Williams Transport of Ireland.
For Unilever, the planned disposals reflect the continued

than 80 peripheral businesses. These included 13 transport companies with combined annual turnover of £225m

(\$380m). The sale of the Dutch German subsidiaries will mark a further significant step in its total withdrawal from transket has been hampered by the port and distribution in established presence of DHL of Europe.

Wagons-Lits declined to dis-close the new holdings of the three companies. The company said that Club Med had decided

to sell the stake because the businesses of the two compa-

nies were too diverse. Wagons-Lits mainly sells travel ser-

vices, such as train travel and hotels, while Club Med is a global, tour operator.

Property Security

Investment Irust

PROFIT UP

DIVIDEND INCREASE

Extracts from the statement by the Chairman, Mr. A. R. Perry.

Profit after tax up from £3.8 million to £4.5 million.

Group surplus rose from £5.5 million to £7.5 million.

Increased development at Chineham Business Park.

Offices and warehouses in Holland and Belgium completed and let.

Richmond offices let to Lloyds Bank p.l.c.

■ 104 acres of land acquired near Disneyworld in U.S.A.

Acquisition of major shopping centre in Australia.

Earnings per share increased from 4.52p to 5.34p.

Net asset value at 31st March 1988 was £1.85 per share. Dividend increased from 2.4p to 3.25p per share.

Results for the year ended 31st March 1988 **1988** - 1987 1986

9.259 8,930 -8.061 Net property income ___ 7,957 7,577- 6,955 Profit before tax 5.833 5,608 5,408 Ordinary dividend per 3.25p Share capital and

143,987 119,456 104,065

Copies of the complete Report and Accounts may be obtained from the Secretaries, VI. H. Stentiferd and Company, 1 Love Lane, London ECZY 733.

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FINANCIAL TIMES

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The undersigned assisted in the negotiations and acted as financial advisor to TLC Group, LP, in this transaction.

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Tokyo

INTERNATIONAL COMPANIES AND FINANCE

Taiwan invests hopes in overseas banking

Bob King reports from Taipei on pressure for privatisation and expansion abroad

🤜 aiwan's banking system is set for an important transformation as enthusiasm grows for privatis-ing many of the state-owned banks and giving the institu-tions more scope to expand

branch networks overse Conservative financial plan-Conservative financial plan-ners are stalling proposals for privatisation and are seeking to impose limits on where the banks may establish foreign branches, but Mrs Shirley Kuo, the newly appointed Finance Minister, is a supporter of at least limited privatisation. Pressure from the banks is also thought likely to gain them an

Pressure from the banks is also thought likely to gain them an eventual free hand in deciding where they set up abroad.

The questions which remain concern the pace and the scope of liberalisation — as well as worries that the new rules may contain provisions that could maintain a bureaucratic influence over banking operations.

Almost all of Taiwan's banks are owned or controlled by the are owned or controlled by the Government, and services have

Slow acceptance of proposals for reform, in turn, has frus-trated progressive bankers who

not kept pace with public

THE TAIWAN Government plans to sell shares in three state-controlled, locally listed commercial banks but will

commercial banks but will retain at least 51 per cent ownerable of each, according to a
Finance Ministry official, Renter reports from Taipel.

The sales, expected early
next year, would enlarge the
scale of the Taiwan stock market and absorb bille funds from
the private sector, the official
said yesterday. said yesterday. Proceeds would finance the

believe a cutting of the apron-

strings by the financial author-ities is long overdue.

The executive branch, for

instance, has been slow to act on a proposed revision of the banking law which conserva-tives insist is necessary before further reforms can proceed.
Several respected financiers strongly object to the delays.
Mr Frank Wang, vice-president of Bank of Taiwan, the island's

largest, said: "The Government has no business doing business. Under the proposed revisions the Government will still retain a lot of control — and it

Commercial, 58.1 per cent of Hua Nan and 56.3 per cent of purchase of land for public Chang Hua.

The biggest of the sales would involve 23.5 per cent of First Commercial Bank, valued at about NT\$70bn (US\$2.4bn) at current prices. The state also plans to sell 7.1 per cent of Hua Nan Commer-cial Bank, worth NT\$19.9bn, and 5.3 per cent of Chang Hua Commercial Bank, worth

Assembly.
All three banks returned to the black in the latest year to June. Their share prices have trebled over the past 12 NT\$14.5bn. The Government at present owns about 75 per cent of First

can't work. The only way is a

clean break."
Mr Liang Kuo-shu, who chairs Chang Hua Commercial Bank, believes that too much has been said and not enough done about liberalising Taiwan's archaic banking sec-

He said: "This is the programme, and what remains is to take action. But they are giving out all kinds of reasons for not taking action."

Mr Liang has good reason for the foresteer them. for frustration: four years ago,

and conditions drag on.

The conservatives' main worry seems to be that privati-sation will put Taiwan's bankthe government asked him to head a sub-committee of an ing system under the control of

vested interests - and, more importantly, beyond central-ised controls that have maintained financial stability over

The ministry official said a proposal on the sales would be submitted this week to the the past four decades.

Mr Liang sought to dispet these fears by proposing that privatisation be accomplished cabinet for approval before final approval was sought from the Taiwan Provincial in stages, with the Government keeping a sizeable sharehold-ing while private management methods increase banking efficiency and lower bureaucratic interference.

The Government fears that an expansion by banks over-seas will lead to a concentration in financial centres such as New York, London and Los Angeles, creating undue competition among them. It has threatened to veto any applications for branches in these

One of his committee's first suggestions was early privati-sation. Almost everyone in the Such competition in main cities, however, is exactly what the bankers have in mind. It is smon. Almost everyone in the financial sector agrees that at least limited privatisation of the banking system is long overdne, but debates within the Government over terms what one banker, reflecting the views of many, calls "our problem, not the Government's." Many bankers hope the new cabinet sworn in at the end of July will once and for all draw the line between banking as an industry and Government political concerns.

Earnings

Holdings

By Jim Jones in Johannesburg

rise at Sage

SAGE HOLDINGS, the South African financial services and

property company, boosted

pre-tax profits by more than half in the six months to June,

to R20.9m (US\$8.6m) from

However, the increase in attributable earnings was

restricted by a greater tax bill and a larger profit share attrib-utable to outside shareholders

Net earnings were 41.3 cents a share against 36.6 cents and

the interim dividend has been

raised to 22 cents from 20 cents. Last year's earnings totalled 100.1 cents and the

year's dividend was 58 cents.

Mutual and Federal, the

South African short-term insurer, more than trebled its

underwriting surplus in the year to June as a result of greater business volumes and improved rating structures.

Net premium income increased to R593m from

R424m and the underwriting

surplus rose to R45.4m from

of subsidiary companies

Japan manufacturers head for profit leap

By Our Tokyo Staff

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4-3-65

PROFITS of Japanese manufacturing companies are headed for another year of double-digit percentage growth on average, thanks mainly to low raw material costs, continuing improvements in labour productivity and higher selling prices, according to economists in Tokyo.

Mr Ken Courtis, vice-president of Deutsche Bank Capital Markets in Tokyo, said: "A lot of companies have turned into money machines." However, he and others think profit growth rates will slow significantly west west as the small cantly next year as the world: and Japanese economic condi-

Several Japanese economic research institutes have just published general forecasts for corporate profits in the year to next March, based on predic-tions made by individual com-

By Michael Marray in Hong Kong

C.P. POKPHAND, the Thai controlled agri-industrial con-cern which was listed on the

Hong Kong Stock Exchange earlier this year, yesterday announced that it was return-

ing to the market for more

This is well in excess of the

amount initially raised in April, when the offer of 109.5m shares at HK\$1 each attracted

a staggering HK\$28bn worth of subscriptions.

funds with a rights issue to

raise HK\$417.8m (US\$53.5m).

For example, Okasan Eco-nomic Research Institute says in a study of 493 listed companies in all sectors that the average increase in their pre-tax profits will be 13 per cent after an 18.1 per cent rise last

The manufacturing companies within the sample are likely to have a 35.2 per cent rise in pre-tex profits after a 60.6 per cent rise last year, Okasan says, while non-manufacturing companies' profits will fall 11 per cent after an 8.2

per cent isle as year.

An Okasan official said profit improvements were particularly pronounced in the steel and chemical industries. Chemical companies' depreciation charges have been substantially reduced by large-scale closures of redundant plant in the past two years. plant in the past two years.

These new shares amounted to about 25 per cent of the company's capital, leaving more than 76 per cent in the hands of a company named Pakeman, controlled by three Thai directors of C.P. Pokphand.

Pakeman has undertaken to

its rights, while the balance of the issue will be underwritten

ing from the impact of the high yen on the costs of imported coal and iron ore, as well as from strong demand.

Pre-tax profits of Nippon Steel, the world's largest steel company, are expected to be more than double this year, while those of Kawasaki Steel are forecast to treble.

Mr David Pike of UBS
Phillips & Drew in Tokyo pointed out that without the dramatic rise in steel company profits, the overall picture would look much less bnoyant. Last year, manufacturing profits, excluding steel, in UBS P&D's sample rose 9.5 per cent. This year, it is thought the figure will be more like 2.5 per

Among other sectors doing well are electrical goods mak-ers and other export-oriented Yamaichi Research Institute

day's closing price of HK\$1.81. About HK\$292m of the cash raised will be used to invest in

points out that average prices of goods for export to the US surpassed the previous 1982 record in February of this year, underlining the ability of many Japanese manufacturers to raise prices without losing

important ad boc group that

was to come up with recom-mendations on how to revital-

ise Talwan's economic and

Tight world markets for semiconductors and other products are also helping Japanese makers' profits. Factory operating rates are high and overtime working rates for most of this year in manufacturing industry have been about 20 hours a week.

Another factor which has

been contributing to improved profits is the rapid improve-ment in labour productivity. Mr Courts says productivity in manufacturing is rising more than three times faster than wages. He said: "From now on, I think we will begin to see some pressure on wages."

Pokphand plans HK\$417m rights issue

boosting attributable profits to HLK\$64.5m. The net profit forecast for the year has been raised from \$70m in the original illotation prospectus to HK\$95 Meanwhile Tung Wing Steel

three agribusiness projects in China, while HK\$35m will go to a prawn farm in Thalland. The balance will be used for Pokphand released its interim results yesterday, which revealed profits after tax by a group of merchant banks. Which revealed profits after tax. The three-for-five rights and minorities for the six issue is priced at HK\$1.30, a months of HK\$51.6m, with discount of 28 per cent to Mon-extraordinaries of HK\$12.9m served with a HK\$10.5m writ from Leighton Contractors (Asia).

Investment income was also a leading supplier of metal bars to the Hong Kong conhigher, leading to a pre-tax profit of R102.6m against struction industry, has can-celled its proposed listing at the eleventh hour after being R52.8m

The directors said the results were affected by large floods in Natal and the central part of the country. On the other hand, underwriting benefited from an absence of large fire losses and a drop in crime-re-lated losses. Net earnings were 138.4

cents a share against 77.0 cents and the year's dividend has been lifted to 22.5 cents from 17

Mutual and Federal is controlled by Old Mutual, South Africa's largest insurance group.

• Islamic Corporation, which

plans to operate a bank along Islamic principles, has gained a licence from the South African Reserve Bank after repeated applications, Reuter adds. Mr Pik Botha, Foreign Minister, had intervened with the central bank to grant a licence.

Resi-Statewide society to become a bank

subscribe or find suscribers for ties.

By Bruce Jacques in Sydney

THE MELBOURNE-BASED Resi-Statewide group, Australia's second largest building society, is joining the industry stampede to convert to a bank. Mr Chris Stewart, managing director, said yesterday that the group would become the Bank of Melbourne from July 1 next year. He said it planned a public flotation

Resi-Statewide is the sixth Australian building society to

Australian building society to make the transition to banking status since financial deregula-

tion began in earnest about four years ago.

Among the leading building societies, only St George, the country's largest, continues to hold the line against conver-sion to a bank, even though it would greatly broaden the scope of available operations. Mr Stewart emphasised this benefit yesterday by foreshad-owing expansion of the Bank of Melbourne to all states building societies must restrict

This advertisement is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an offer or invitation to the public to subscribe for or

The whole of the issued share capital of the Company has been admitted to the Official List. Application has been made to the Council of The Stock Exchange for the new class of 7 per cent. convertible cumulative redeemable preference shares of 21 each of Dowty Group PLC ("the Company"), to be issued in connection with the recommended offer for the whole of the issued share capital not already owned by it of CASE Group pic, to be admitted to the Official List.

DOWTY GROUP PLC

(Incorporated in England and Wales. Registered No. 530525)

up to 40,358,287 convertible cumulative redeemable preference

in connection with the recommended offer for the whole of the issued share capital,

CASE Group pic

Details of the 7 per cent. convertible cumulative redeemable preference shares of £1 each in the Company will be available in the service of Edet Financial Limited from 7th September, 1988. Copies of the Listing Particulars relating to the Company will be available during normal business hours on 8th and 9th September, 1988 at the Company Announcements Office of The Stock Exchange, 48-50 Finabury Square, London EC2 and during normal business hours on any weekday (Saturdays and public holidays excepted) while the offer remains open for acceptance

: 1 Finabury Avenue

Dated 7th September, 1988

not already owned by it, of

Lazard Brothers & Co., Limited 21 Moorfields

Rows & Planes Ltd.
1 Finabury Avenue
Landon Scott Chair

shares of £1 each

Dealings in the shares are expected to commence on 8th September, 1988.

Admission to Listing of

Dowty Group PLC

Cheltenham

Gloucestershire

GL51 OTP

Arie Court

He said the new bank's main business would still be provi-sion of mortgage finance, with a lending target of nearly A\$1bn (US\$800.3m) for 1988-89. Mr Stewart also announced that Resi had almost double its after-tax surplus to A\$15.5m, that it had more than doubled lending to A\$772m and that it had lifted net assets to nearly A\$2.5bn in the latest

year to June. He said: "There is room for another consumer bank in Victheir operations to one state.

toria and the other major states. The major banks are formidable competition, but they are diverting some of their energies and resources into expansion overseas, while the State Bank of Victoria is concentrating increesing resources on consumer busi-Mr Stewart said the decision to convert followed a two-year

study and that Melbourne bro-kers J.B. Were had been appointed for the flotation.

Marui lifts profits 17.8%

MARUI, the Japanese department store chain, lifted against Y30.55.

Sales of household goods, to Y23.68bn (US\$174.1m) in the clothing and accessories,

first half to July, AP-DJ reports from Tokyo.
Company officials said strong personal spending and price stability helped bolster sales and earnings. Sales grew 12 per cent to Y228.7bn. Net earnings rose 25 per cent to

United Mizrahi Bank up 72% By Andrew Whitiey

in Tel Aviv UNITED MIZRAHI Bank, the last of Israel's leading banks to report its half-year results, boosted net profits 72 per cent to Shk14.6m (US\$8.9m).
Mizrahi, owned by a Jewish religious foundation, has also

put up for sale its 51 per cent stake in Finance and Trade Bank, a specialist subsidiary. Interest has been shown by several Israeli and foreign investors, but negotiations are still at an early stage.
Unlike its local competitors,

Mizrahi did not reveal its provisions for bad debts - a handicap which has dogged the Israeli banks for several years - other than to say that these had been calculated on a *conservative basis." A property write-off of Shk7.4m was also

Total assets were down by 3.4 per cent in inflation-adjusted shekel terms to Shk10.7bn because of exchange

The state of the s

PRICE WATERHOUSE and the FINANCIAL TIMES CONFERENCE ORGANISATION

clothing and accessories, accounting for 91.2 per cent of business, climbed 12.9 per cent to Y208.4bn. Revenue from financial services totalled

Y15.57bn, a 5.1 per cent increase. Marui expects sales for the year to rise 10.3 per cent to Y490bn.

WORKSHOP

IZ-M SEPTEMBER - IT-IN OCTOBER 7-4 NUMBERS - 7-4 DECEMBER

This important 3-day workshop will be self all those responsible for managing capital market activities or providing the vital support services. For lutther information on these case study

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FT PRANCIALTIMES
CONFERENCEORGANISATION

FISONS Rights Issue and Extraordinary General Meeting

Special receiving arrangements

The latest time for acceptance and payment in full for the Rights Issue of new Ordinary shares in Fisons pic is 3.00pm on Friday, 9th September, 1988. Completed provisional allotment letters are due to be received at Barclays Bank PLC, Fleetway House, 25 Farringdon Street, London EC4A 4HD by that time. Forms of proxy for the Extraordinary General Meeting must be received by 10.00am on Saturday, 10th September, 1988.

Due to current postal delays, arrangements have been made for certain branches of Barclays Bank PLC, whose addresses are set out below, to act as additional receiving centres.

Completed provisional allotment letters and forms of

proxy will be accepted if they are lodged before 12.00 noon on Friday, 9th September, 1988 at any of the following branches of Barclays Bank PLC.

Birmingham Loughborough 2 Bishop Meadow Road 63 Colmore Row Bristol Manchester 17 York Street 40 Com Street **Newcastle upon Tyne Brighton** 139-142 North Street **Percy Street** Norwich Cardiff 121 Queen Street Bank Plain London - Pall Mall Edinburgh 35 St. Andrew Square 1 Pall Mall East **Plymouth** 20 High Street 19 Princess Street Sheffield Glasgow

4 Water Street

Commercial Street 90 St. Vincent Street bewich Southampton 171-172 High Street 1 Princes Street Uxbridge Leeds 28-30 Park Row 142 High Street Liverpool York

Completed provisional allotment letters will also be accepted before 12.00 noon on Friday, 9th September, 1988 at the Registrars of Fisons plc, Barclays Bank PLC, Registration Department, Octagon House, Gadbrook Park, Northwich, Cheshire. Provisional allotment letters and forms of proxy are lodged at shareholders' own risk.

1, 2 & 3 Parliament Street

This notice is issued by Fisons pic and has been approved by S. G. Warburg & Co. Ltd., a member of The Securities Association, S. G. Warburg & Co. Ltd. has underwritten the Rights Issue.

PROVIDENT FINANCIAL GROUP PLC

"Following the good start to the year which was reported at the Annual General Meeting, pre-tax profits have been maintained above the level of the preceding year and show e 22% increase.

have another good year which will enable us to achieve the thirteenth year of continuous dividend improvement."

RESULTS AT A GLANCE



		dited	Audited
	Half-year to June 1988 £'090	Half-year to June 1987 £°000	Full year 1987 2'000
Turnover	180,451	177,300	409,362
Group profit pre-tex	8,073	8,607	26,718
Ordinary dividend per share	6.00p	4.50p	16.00p
Earnings per share	10.55p	8.71p	36.07p

The interim Report 1968 will be posted to sharehold 6th October 1988. Copies may be obtained from the

PROVIDENT FINANCIAL GROUP PLC Colonnade, Sunbridge Road, Bradford BD1 2LQ. Tel: 0274 733321

We are pleased to announce that

Judson P. Reis

has joined our firm as **Executive Vice President**

and

Managing Director of Investment Banking

Kleinwort Benson Incorporated

Citibank proposal sparks protests

By Our Tokyo Staff

A PLAN by Citibank, the US bank, to handle foreign remit-tance services on behalf of the Jepanese post office has provoked angry protests from Japanese banks.

Under the proposals, post office account holders would be able to transfer funds overseas using Citibank'e world-wide branch network. The service would compete directly with Japanese banks' own transfer systems, which currently handle most overseas remittances out of Japan.

An official of the Federation of Bankers' Associations of Japan said: "This is not good news. Maybe Japanese banks will try to stop this."

No one at Citibank was available for comment. The Ministry of Posts and Telecommunications said that it had received an application from Citibank, the first proposal of its kind from a private com-

pany.

The ministry was studying the plan but had not yet made np its mind, it said. The proposal fits into Citi-

bank's worldwide strategy of expanding retail banking ser-At a time when some other US banks have been cutting services to individual clients

to concentrate on companies, Citibank is doing the opposite. The company has plans to expand its branch network in Japan from six.

Suitors woo Japanese savers

Stephan Wagstyl on banks' reaction to depositors' changed habits

apanese savers are turn-ing away from the country's post office and com-mercial banks, the traditional home for their money, in the wake of the abolition this spring of tax breaks on small deposits.

They are moving their funds

into trust banks, life assurance companies and securities houses – all of which are offering higher rates of return. The banks and the post office are handicapped in the race for savers' money because they are locked in an argument with each other and with the

According to Mr Teruyuki Takahashi, a general manager at the Federation of Bankers' Associations: "We are under great pressure." Banks had expected to lose funds as a result of the tax changes but many underestimated how

Ministry of Finance over the deregulation of interest rates

paid on small sevings

much money would go.
Until April, nearly half of
Japan's Y640 trillion (US\$4.7 trillion) of personal savings was kept in small savings accounts which earned tax-free interest under a system called maringu. In theory, each individual was limited to Y14.5m in such accounts; in practice, the system was widely abused, with thousands of accounts in the names of fictitious charac-ters, pets and dead relatives.

The abolition of maruyu, in the name of promoting the lib-eralisation of Tokyo's financial competition for savers' funds. Salesmen are bombarding

Mahathir Mohamad's United

Malays Netional Organisation,

which opted to convert them

WHERE PERSONAL SAVERS PUT THEIR MONEY Flows in and out of selected Post Office City banks' time deposits
Trust banks' "big" accounts
Life insurers' single-premium policies
Securities companies' investment trusts

rities companies attracted Y3.120bn, down on last year

when the stock market was soaring.

The aurprise performers have been the loan trusts, which gathered Y1,180bn for

which gathered Y1,180bn for their top selling product, a five-year deposit called "Big." Mr Naofumi Okada, a general manager of Yasuda Trust and Banking, says: "People prefer medium risk and medium reward. That is the Japanese mind."

Yasuda offers a return of 5.4

per cent on its "Big" account, which is matched by similar

terms from other trust banks.

cipal guaranteed, as it is at the trust bank.

Nationale de Paris and Compagnie Bancaire banks, has become the principal money

market reference rate in

The new Pibor contract fol-

March, 1988

Svenska Handelsbanken PLC

Kansallis Banking Group

Credit Suisse

Swiss Bank Corporation

e Nationale de Paris Sverige Kansallis Banking Group

Svenska Handelsbanken

Swiss Bank Corporation

The Royal Bank of Canada

Credit Suisse

National Westminster Bank PLC

Bergen Bank International S.A.

Crédit Industriel et Commercial de Paris

Banque Nationale de Paris Sverige

National Westminster Bank PLC

Svenska Handelsbanken Group

bousewives, the traditional managers of Japanese household savings, with advertisements and offers of free gifts.

Life companies and securities companies had been expected to corner the market. By

ted to corner the market. By investing in the equity markets, they are often able to offer the highest yields. But uncertainty about the prospects for the stock market have led many investors to put their money instead into loan trusts run by trust banks. This money can be invested in loans and bonds but not equities.

In the four months from March to the end of June, city (leading commercial) banks lost a huge Y2.177hn from their time deposit accounts, the

time deposit accounts, the most important accounts for small savers. This compared with a gain of Y290bn for the same period last year. In addi-tion, some Y680bn left the post office. Life assurance companies

gained Y2.150bm for the single premium policies, instruments which have been selling so well that the Ministry of Finance has been leaning on the life insurers to make them

Y50m, coming down to Y30m in the autumn. Below this figure, the banks currently offer about 3.6 per cent on two-year deposits. It is no surprise to them that the customers are

them that the customers are going elsewhere.

The banks' attempts to get rates on small deposits freed are opposed by the post office which, under the current controlled rate system, is allowed to offer rates slightly higher than the banks. Banks say that the notoriously inefficient post office, with 14,000 outlets, is

office, with 14,000 outlets, is scared of competition.

The banks hope that rates will be deregulated by the end of next year so they can meet head on the attack from trust banks and the next. banks and the rest.

In the meantime, they are advertising their advantages – such as the convenience. Dailchi Kangyo, the largest bank, has more than 300 outlets, compared with 55 for Yasuda; the biggest trost bank. Nomura Securities, the largest broker, has about 150, Banks are work-ing hard at selling new forms of flexible current account with automatic overdrafts on offer for the right customers.

By comparison, life compa-nies offer a target return of some 7.5 per cant on five-year and 10-year single premium policies – and securities com-panies' investment trusts advertise the same and more – but in neither case is the prin-cipal guaranteed, as it is at the The prizes in the competition for deposits are colossal. Household savings have grown by 150 per cent in the past 10 years and are still growing. In addition, Japanese savers are becoming more sophisticated
- seeking advice on real estate
development, overseas investment and other areas where
banks and brokers are ready to Bankers wring their hands at these figures. As a result of deregulation, they can offer competitive offer (that is, sell) advice. Credit cards, another lucrative field in personal finance, are still relatively new in Japan.

Strong D-Mark triggers speculation over EMS

A FLURRY of new D-Mark deals emerged on the most active day in the international active day in the international bond market in several weeks amid speculation that the European Monetary System would have to be realigned.

Four new deals were launched yesterday, one equity-linked, totalling DM635m.

The mark's strength forced the live and the French france.

the lira and the French franc down to their lowest allowable levels in the EMS, sparking speculation of a currency realignment within the system.

realignment within the system. In the West German domestic bond market, prices gained on average 20 to 40 basis points on the view that that the currency's recent stability may allow yields to stabilise or actually ease.

Meanwhile, the Bundesbank arrounced a new repurchase

announced a new repurchase agreement at a fixed-rate of 4% per cent, unchanged from recent issues, further reassuring the markets about its intentions.
On Monday, the Bundesbank

fixed the terms of a new federal government bond totalling DM4hn with a 10-year maturity with a 6% per cent coupon and 100% issue price. The bonds continued to meet good

demand vesterday.

Eurobonds gained a more modest 5 to 150 basis points in quiet trading quiet trading, despite the amounts despite the emergence of several new issues. A mark Eurobond trader

said: "Investors want to be in the hard currencies and their choices are the dollar or the D-mark."

Investors have been holding their cash in the West German currency all stummer, waiting for both yields and borrower

guality to improve.

But the warm reception accorded several West German bank borrowers in their own

INTERNATIONAL BONDS

currency last week and the lat-est rally in US Treasury bonds served to convince underwriters that investors are now pre-pared to return to the markets. Lufthansa International Finance (Netherlands), a whol-ly-owned aubsidiary of Lufthansa, issued a seven-year
DM300m Eurobond with a 6%
per cent coupon priced at 101.
The issue, priced to yield about
20 basis points less than government bunds, was said to be
well received. well received.

By comparison, the Com-merzbank and Deutsche Bank deals launched in Deutsche marks last week yielded a more modest 5 basis points

below bunds.

Banque Exterieur d'Algerie,
the state-owned Algerian bank, yesterday issued a five-year DMI50m Eurobond bearing a 7 per cent coupon and priced at par.

NordDoutscho Landesbank

12.5

NordDeutscho Landesbank launched a DM75m five-year Eurobond for its Luxembourg subsidiary with a 5 per cent coupon and priced at 101% which is not expected to be widely traded.

A sign of the congestion in the dollar-denominated market for Japanese equity warrant bonds turned up in Frankfurt where Takiron Co, a Japanese plastica processor, launched a five-year Eurobond with warrants carrying an indicated coupon of 1% per cent. The bonds were originally slated to be launched in dollars.

Eurodollar bond prices, meanwhile, closed virtually

meanwhile, closed virtually unchanged in light trading and wider spreads on some second-ary market issues had been seen. The failure of Eurobonds

seen. The failure of Eurobonds to march in lock-step with Treasuries in last week's rally has actually made some of the recent issues more attractive. The first 10-year Eurobond in dollars in nearly three months was seen, as Credit Suisse First Boston launched a \$150m issue for Hydro-Quebec, guaranteed by the Canadian province of Quebec. The bonds, carrying a Aa3/AA-credit rating, were assigned a coupon of 9% per cent and priced at 101% to yield 60 basis points over Treasuries.

Meanwhile, the EEC launched a Eculoom 4% year Eurobond with a coupon of 7% per cent and priced at 101%.

Faber Merlin to be sued

Bankers Trust International Limited

Bankers Trust International Limited

Algemene Bank Nederland (Sverige) AB

Deutsche Bank Luxembourg S.A.

The Mitsubishi Bank, Limited

PKbanken

Société Générale

Bankers Trust Company

PKhanken

Société Générale

Deutsche Bank Luxembourg S.A. The Mitsubishi Bank, Limited

Swedbank (Sparbankernas Bank)

Banque Internationale à Luxembourg

The Chase Manhattan Bank, N.A.

Istituto Bancario San Paolo di Torino

By Wong Sulong in Kuala Lumpur

INVESTORS holding 17.74m ringgit (US\$6.8m) worth of loan stocks of Faber Merlin have voted to sue the Malaysian hotel and property group for defaulting on redeeming its debentures.

The loan stockholders, who met at the weekend, unani-mously authorised Mayban Trustees Berhad, their trustees, to proceed with legal

action to enforce payment. Faber Merlin issued 54m ringgit of convertible unsecured loan stocks in 1983, most to the Fleet Group controlled by the Prime Minister Mr

Paris futures contract

By George Graham in Paris

THE PARIS financial futures market is to introduce a new short-term interest rate cou-

into shares so that the Fleet Group is now the biggest However, 17.74m ringgit was outstanding at the date of maturity at the end of last Sep-Since it defaulted on the redemption, Faber Merlin had

made several proposals to resolve the issue, all of which fell through. Faber Merlin operates the biggest hotel chain in Malay-

This announcement appears as a matter of record only.

MoDo

Mo och Domsjö AB

U.S. \$200,000,000

Multicurrency Revolving Credit Facility

Arranged by

Lead Managers

Swedbank (Sparbankernas Bank)

Managers

Funds provided by

Algemene Bank Nederland (Sverige) AB

Skopbank

remain in existence.

Pibor, which has recently erved as the indexation basis tract tomorrow. for a number of floating rate bond issues, including large issues of subordinated debt by the Société Générale, Banque

It is expected largely to dis-plece the existing Paris futures exchange contract on Treasury bills, which has proved a failure since its intro-duction two years ago, lows the introduction last month of a stock index future, the CAC40, for which trading began in haste.

although the bill contract will

The new contract will be based on the Paris interbank three month offered rate (Pibor 3 mouth) calculated daily by the French banks association and already traded over the counter since June

More scope for banks in Norway

By Karen Fossii in Oslo NORWAY'S savings banks -

NORWAY'S savings banks — hitherto self-owning, self-financing institutions limited to domestic ownership — have been granted permission by the Ministry of Finance to implement the use of Primary Capital Certificates (PCCs), a new financial instrument which will enable them to raise fresh. will enable them to raise fresh equity capital and expand their ownership structure to include limited percentage of foreign shareholders.
The PCCs will be quoted on

the Oslo Stock Exchange, traded like usual stocks and the same legislation as that for listed stocks. They are likened to preferen

tial shares and will yield a dividend which, in times when the banks suffer losses, their accumulated reserves could provide the means to ensure dividend payments. They will be subject to a

turnover tax - 0.5 per cent for the seller and 0.5 per cent for

the seller and 0.5 per cent for the buyer — as are other listed shares on the Oslo bourse. Norway's savings banks comprised a two-tier organisa-tional structure including a board of representatives which decides mergers and sensitidecides mergers and acquisi-tions and will be responsible for issuing PCCs, and a board of directors which is responsible for the day-to-day operations of the banks.

There are two types of savinge banks, local and regional. The 15 regional savings banks are full-service banks which compete with the commercial banks and hold 80 to 85 per ceut of the total assets of all Norwegian savings There are 140 local banks

which are small and do not aspire to compete with the commercial banks. The savings banks in 1987 experienced net earnings of NKrl.45bn (\$209m)

earnings of NKrl.45bn (\$209m) compared with net losses of NKrl.26bn experienced by the commercial banks.

For 1988, they are forecast to achieve pre-tax earnings of NKr3bn, a 10 per cent increase over last year.

By July 1992, the savings banks must meet the same statutory requirements for maintaining an equity/capital

maintaining an equity/capital ratio of 6.5 per cent as the com-mercial banks.

Two banks are currently sketching out details to launch the first PCCs as they will in future need more equity capi-tal to sustain the growth of overall assets.

Limitations on foreign par-ticipation will be the same as that for commercial banks — foreigners can hold up to 15 per cent in Norwegian banks with scope to expand to 25 per cent by concessionary applica-

Mobil to acquire Newmont oil side

MOBIL, the US oil company has agreed to acquire the US mining group Newmont Mining's US oil and gas interests, which account for about 2,000 barrels a day of crude oil and 42m cu it a day of natural gas, Reuter reports from New York. The acquisition is subject to official filing requirements and other conditions, and is expec-ted to be completed within 60

By Stephen Fidler, Euromarkets Correspondent DFC NEW ZEALAND, the Holders of DFC's \$100m 11

New Zealand bank in bond appeal

former New Zealand Develop-ment Bank being sold to the private sector this year, is to ask Eurobond holders to waive a clause in the bond documentstion relating to the maintenance of government owner-ship in the company.

per cent issue due in 1995 and itsA\$50m 13 per cent issue, due in 1990, have been invited to a meeting, called for September 29 in London, over the ques-

In an unusual move which it cent.

investors for any change in the market treatment of the bonds, the firm is offering investors in the US dollar bond a 1/4 per cent one-off payment, whils lar issue will be offered % per

FT INTERNATIONAL BOND SERVICE

the latest inte	rnation	ri bon	ds for	which t	here is	an adequat	e secondal	ry market					
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Air 91, 97	100	4042	947	+04 +14	10 33	Belglum	51e 92 61e 94		45	954	OL.	10.0	5.50
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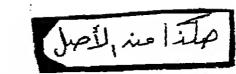
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By David Waller

from Cannon Street

Tarmac may be 'white knight' involved in talks with Ruberold

Tarmac, building materials and construction group, is thought to have entered discussions about a possible counter-bid for Ruber-oid, the roofing materials company which is the subject of a \$127m hostile offer from housebuilder Raine Industries, writes Andrew Hill.

Ruberold announced last night that it was in talks with a potential "white knight" after a large tranche - nearly 3 per cent of its shares - changed hands at 256p. 2p higher than Raine's cash offer of 254p a share, which values the company at about

Ruberoid's shares rose 8p to 250p yesterday and Raine climbed 3p to 89p. The housebuilder's main cash-and-shares offer, which closes a week from today unless a competing bid emerges, values

each Ruberoid share at 238p.

Meanwhile, Raine and its associates have increased their stake in Ruberoid to about 19 per cent.

Tarmac, one of Ruberoid's competitors in the bituminous roof

rarmac, one of kinderoin's competitors in the bitiminious roteing business, would neither confirm nor deny that it was the "white knight." Trafalgar House had also been mentioned as a potential counter-bidder, but the shipping, hotels and construction group said it had no such plans.

Mr John Roberts, Ruberoid's chief executive, said: "If you

looked at our position in three European markets you would not have to be too imaginative to think that someone, somewhere in Europe, would be interested."

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Bodycote intint	2.75	Dec 30	2_	_	5
Campari Intlint	2	Oct 17	1.5	-	6.5
Cannon St Invsint	8		2	-	6
Clayform Propsint	3.1	Dec 14	28	-	8.5
Copymore §int	0.8	Nov 4	_	_	
Cresta Holdingsint	0.54	Oct 31		-	0.78
CRHint	1.5	Oct 21	1.36	-	4
Eadle Hidgs §int	0.91	-	0.75	-	1_5
European Homeint	2.51		3	-	_5_
Expannet intlint	3.41	Nov 16		-	7.5
Freeman Groupint	2.25	Oct 28	-	_	-
Hambro Countryint	1.1	Oct 31	0.85	-	2.6
M1int	3.15	Oct 17	2.75	-	7
Intl. Colourfin	6.0	-	-	8.0	-
LopexInt	2.4†	Oct 27 ·	2	-	5
Lyon & Lyonint	1.8	_	1.5	_	4.8
Metal Closuresint	2.35	Nov 1	2.2	-	7.4
Miller (Stanley)int	0.75	Nov 5	0.5	-	1.25
MS Cash & CarrySint	1.17		1.06	-	3.8
MTMint	1.1	Oct 25	1	-	3
Peachey Propertyfin	ila	-	6.25	4.5	10.2
Pentosint	0.4	-	0.3	-	1.8
Provident Finiint	6 I	Nov 10	4.5	-	16
Ropnerint	3	•	3	-	7
Sedgwick Groupint	41	-	4	-	12
Tozer Kemsleyint	ï	Oct 31	0.8	-	21
Wilson Connollyint	j		0.5	-	2°
Wyevale Garden 5Int	1.4	Oct 26	0.73	-	2.9

Dividends shown pence per share net except where otherwise st *Equivalent after allowing for scrip issue, tOn capital increased by rights end/or acquisition issues, \$USM atock. \$\$Unquoted stock. \$Third market, &Gross throughout. \$Irieh pence throughout. ‡ Partly to

		-	
BOARD	WEETIN	G	3

BOARD MEETINGS						
TODAY	hanko-					
Interims-ABB Kent, ASW. Asset Trust, BAT Inds., BICC, Bestwood, Bitse Circle, Burri, Cotain, Halls Homes & Gardens, Hills-down, Instem, Inst. Business Commen, Johnston Press, Legal & General, Nurdin & Poscock, Portals, Ryan Ind., Shorco, Sun Alience & Lori, Ins., 15M, TR Nat. Resources Inv. Tot., Trade Indensity, Western Motor, Wimpey (G.)	Accord Publications Catebread Robey Morgan Crueble Nortofk Capitel Sala Timey Tactal Travis & Arcold Young Group Made	Sept.18 Sept.19 Sept.19 Sept.13 Oct. 3 Sept.12 Sept.21				
Finals- Brunner, Contl. Microsove, Jestron, Orchid Yechnology, Ricarda Consulting Eng., Shetair Goldennin.	Minoreo Oceans Cons. Scottisti Iru. Tat. Stroist	Sept. 9 Sept. 9 Sept. 9 Sept. 14 Sept. 20				

FROM THE CHAIRMAN'S STATEMENT

■ 44% of eligible employees in the UK decided to

Printing and packaging activities continue to

■ Progress made by the Rexham group which was

■ The Builders' Merchants division enjoyed

■ Activity levels are good and with improving

margins the outlook for 1988 is encouraging.

Building Products continues to improve.

make good progress.

acquired in November 1987.

buoyant market conditions.

participate in a savings related share option

IMI rises 21% to £48.5m despite exchange rates

By Richard Tomkins, Midlands Correspondent

Birmingham-based diversified industrial group, shrugged off volatility in metal

shrugged off volatility in metal prices and exchange rates to record a 21 per cent increase in pre-tax profits to £48.5m in the half year to June.

Turnover rose by a modest 2 per cent from £421m to £434m although Mr Gary Allen, managing director, said the rise would have been 4 per cent were it not for the effect of exchange rates.

exchange rates.

A slightly increased tax charge left earnings per share up 19 per cent from 8.4p to 10p.

An interim dividend of 3.15p (2.75p) is declared.

IMI made eight acquisitions and three disposals during the period with a consequent benefit to profits of 2750,000, but

this was outweighed by a film profits downturn caused by exchange rate fluctuations and by £250,000 lost through metal price volatility.

The largest contributions to the overall profits increase came from the drinks dispense division, which increased trad-ing profits from £8.7m to £10.5m, and from fluid control, up from £14.2m to £16.7m. Both

mr from £14.2m to £16.7m. Both are in growth markets.

Mr Allen said the building products division, mainly UK-orientsted, suffered a weak season because of the mild winter. Its turnover was static at £25m but the introduction of new products at higher mar-gins helped raise its trading profits from £7.8m to £8.3m. The refined and wrought

metals division, a poor per-former last year, benefited from a recovery in titenium prices and increased its contribution from £6m to £6.2m. Special engineering saw strong growth from its air con-ditioning and computing activi-ties and trading profits rose

from £6.9m to £8.3m. About 80 per cent of IMPs sales are overseas. Mr Allen said the group had full order books in most of its areas of operation, notably the US,

West Germany and the UK.

IMI was continuing to cut its cost base through investment in plant and machinery, and capital spending was likely to be between £40m and £45m this

cally low prices, should provide a healthy cushion should the market turn down. The

company's minimal gearing

may also reassure investors

worried about the impact of

Wilson (Connolly) over £23m

By Andrew Taylor, Construction Correspondent

PRE-TAX PROFITS of Wilson slipped slightly from \$962,000 (Connolly) Holdings, Northamptonshire-based house-included a surplus from the builder, soared by 70 per cent to £23.4m in the six months to June 30. Sales rose by 23 per cent to £93.1m.

The results were better than expected and Wilcon's shares rose 10p to 170p. Housebuilding and contracting profits rose from £1.5m to £19.1m, of which housebuilding accounted for all but £200,000.

Property trading profits were up from £1.16m to £1.59m, but income from property rentals

sale of investment property of Earnings per share at the

half-way stage rose to 8.4p, prompting an increase in the interim dividend from 0.5p to **COMMENT** Wilcon is in a strong position whichever direction the hous-

worried about the impact of higher interest rates on house-builders. Much of Wilcon's land is in East Anglia and the East and West Midlands, which are showing some of the highest house price rises in the country. A pre-tax profit of £52m on a 36 per cent tax charge would put Wilcon on a fully deserved premium rating ing market takes during the next 12 months. Its five-year land bank, acquired at historifully deserved premium rating of just over 9 times earnings.

Provident Financial rises 22% halfway

Group achieved a 22 per cent increase in pre-tax profits from £5.61m to £8.07m in the half

£6.6im to £8.07m in the half year ended June 30.

The interim dividend is stepped to 6p (4.5p), partly to reduce disparity, payable from earnings of 10.55p (8.71p).

Turnover for the group, which provides consumer credit retail services and credit, retail services and

insurance, showed a marginal rise to £180.45m (£177.3m), The directors reported that in the weekly-collected credit companies, the improvement in debt collection had been sustained but the volume of new credit granted had not expan-

Report for the six months ended 30th June 88

BOWATER

Profits up 76% E.P.S. up 54%

FINANCIAL HIGHLIGHTS

£m

689

30.5

17.9p

7.0p

£m

550

17.3

11.6p

5.25p

Increase

%

+25.3

+76.3

+54.3

Six months to 30th June 1988

ded. As a result they expected the first half to represent a larger than usual proportion of the year's profit.
They said the recent interest

rate rises should have little effect this year due to use of interest rate swaps and the insurance subsidiaries' investments and cash balances.

O COMMENT

In the midst of the current boom, it might seem curlous that Provident Financial saw no first half volume increase on its dominant credit side. But memories of problems from the 1985 surge in customers clearly die hard - and the

alternative push for efficiency/ quality is probably welcome. That said, it does little but reinforce the view that Provident Financial's core business is highly mature - the likes of the new shopping voucher not-withstanding. And while some of the broader financial service businesses fared quite well in the first half, Provident does not expect any substantial decline in the credit side's significance. Looking to the cur-rent half, interest rates are less of a problem than sometimes supposed, but news that the small Mentor Interactive Training subsidiary made an £800,000 loss did cause surprise. Apparently, software demands led to increased overheads and a full-year deficit of about 21.5m is being mooted by forecasts shaved from more than falm to under £30m, the shares are on a prospective multiple of about 8. The yield has some attraction, but besically there seems little to get excited about.

International Colour International . Colour Management raised pre-tax profits from fillim to fillim for the year to end-June - its first full set of figures since December's market placing.

Campari 41% ahead

Turnover was £15.81m

(£12.5m). A final dividend of

0.8p is planned.

Campari International, sporting and camping goods distributor, lifted taxable profits 41 per cent to £739,000 in the six months to May 31. Turn-over was £12.66m (£11.61m). Earnings per 20p share rose to 6.5p (5.36p) and the interim dividend is lifted to 2p (1.5p).

M6 Cash & Carry The recovery reported by M6 Cash & Carry, USM-quoted dis-tributor, in last April's preliminary statement continued into the current year with pre-tax profits for the 28 weeks to July 9 at £477,000 (£207,000), on turn-over of £29.88m (£34.4m). The

Eadie sharply up

interim is 1.17p (1.06p).

Eadie Holdings, USM quoted transport equipment and wire products group, boosted pre-tax profits from £210,000 to £401,000 in the six months to June 30 1968. The interim dividend is 0.9p (0.75p) from earnings of 1.96p

Barker calls Three acquisitions off bid discussions with WPP

By Nikki Talt

AFFER NEARLY six weeks of to-ing and fro-ing, public rela-tions and advertising group Charles Barker has finally ter-minated its bid discussions with Mr Martin Sorrell's WPP Group. Barker shares greeted the news with a 21p fall to

187p.

Barker's statement, read to shareholders at an extraordinary meeting yesterday, said that "the company examined a number of alternative options for restructuring and concen-

for restricturing and concentrating the group but ultimately never received a formal offer which it was able to place hefore and recommend to its shareholders."

Immediately after the statement, shareholders approved — on a minimous show of hands - proposals allowing US advertising agency, N W Advertising agency, N W Ager a 25 per cent stake in Ayer Barker, Barker's consumer advertising subsidiary. For a further subscription, Ayer can raise its stake to 56 per cent in raise its stake to 56 per cent in 1990, and gets a pre-emptive right to buy ont Barker's interest in Ayer Barker on a fixed formula if control of the

perent company changes.

Amendments to the Barker share option scheme, and authorisation for directors to implement these, were also approved - though this time with a few shareholders voting

After the meeting, Barker's chairman Mr David Norman claimed that the deal with WPP had looked quite possible until the latter half of last week. According to Mr Norman week. According to Mr Norman, it eventually foundered on the price offered, with "circumstances of the last few days, including their interim figures and the market's reaction" changing the picture.

This, however, is at odds with views emenating from the WPP camp, which indicate that the envisaged deal was

the WFP camp, which indicate that the envisaged deel was primarily on a cash basis anyway. It has been widely suggested that WFP's interest centred on the public relations and regional ad agency and that a management buyout of Barker's executive search business. Norman Broadbent International, was being planned part of the overall package. The alternative interpretation suggests that it was the failure to complete this side of the deal which caused the problems.

Cresta surges to £1.5m midterm

And the same of the same of the

Cresta Holdings, Iale of Man-based diversified group, Man-based diversified group, lifted pre-tax profits from 2352,000 to £1.53m in the six months to June 30 and is paying the forecast maiden interim dividend of 0.5p. Earnings worked through at 6.6p (2.2p).

Robinson Brothers Robinson Brothers increas pre-tax profits from £361,000 to £1.19m in the half year to July 2. Turnover rose to £10.55m from £9.62m. Earnings per share were 60p (14p).

Southend Property Southend Property Holdings had net burrowings of 280.2m at March 31 1988, after taking into account cash of 215.8m. This corrects the figure given in yesterday's report.

stated in its long-awaited defence document, posted to its I4,000 shareholders by private messengers.
"These businesses are expected to represent about 75 per cent of Pleasurama's 1988 trad-

pany's assertion that there was no commercial fit between Mecca and Pleasurama Mr Jeremy Long, Mecca's

way alter Mecca's belief in either its management superi-ority or the commercial logic of the match. •Pleasurama announced that its £127m rights issue has been

taken up in respect of 91.5 per cent of the ordinary shares issued and 75.4 per cent of the new convertible preference

Pleasurama attacks Mecca's ability By David Waller

PLEASURAMA, the group with

and only recently acquired their first hotels", Pleasurama

ing profit", the document con-tinued "It is reckless to sug-gest that Pleasurama's casino business requires limited man-agament or to equate the oper-ation of hingo halls to casino cluba."

Organic growth lifts Bodycote to £4.86m

BODYCOTE International, metal technology, packaging and tertiles group, yesterday announced a 31 per cent increase in pre-tax profits from. six months of the year. Turnover increased from £29.5m to

Mr Joe Dwek, chairman and joint managing director, said that almost all the group's activities contributed to the growth in profits, which was purely organic.

The exception was the tex-iles and processing division Mr Dwek added that Body-which saw profits fall from cote intended to continue an

2800,000 to \$400,000, reflecting difficult market conditions. The company has made a series of acquisitions which comprised Furnace Treat-ments, Firth Metal Processing, Farnworth Chromium Plating Company and Vetenants Prossionels France since the

beginning of the year. Mr Dwek said that these acquisitions enlarge the group's geographical network and increased the number of options available for further

aggressive policy of acquiring complementary companies par-ticularly in the EC.

Earnings per share increased from 8.6p to 12.6p. An interim dividend of 2.75p (2p) was declared.

O COMMENT

These results more than met City'e expectations, although the share price was unchanged at 256p. Assuming it musters profits of £10.4m for the full year, that puts the company on a rather ungenerous multiple of 8. The indifference of the institutions to this stock is ming of the year.

probably a result of the relative scarcity of the shares, for given the company's excellent record on earnings growth, it probably does not deserve such a lowly rating on fundamental grounds. Bodycote's star divi-sions, contract packaging and metal technology, should contime to perform well - in the absence of a major economic downturn – in the second half. In addition, there should be some contribution from a clutch of small and inexpensive, bolt-on acquisitions Bodycote has made since the begin-



obtain a separate stock-marke listing.
Fully diluted earnings per share for the first half rose from 7.12p to 8.59p; the interim dividend is raised to 3p (2p),

O COMMENT

As a victim of the secondary banking crisis, it is not surpris-ing that Mr Hislop should have an aversion to borrowing an aversion to borrowing money when interest rates are as high as they are now. Nevertheless, many investors may bank at the heftiness of yesterday's \$42.3m rights issue, especially when the prospect of a sweetener in the form of the Betacom flotation seems unlikely to take place this year the new issue-market year, the new issue-market may be upset by British Steel and CSI has yet to finalise details of the Betacom float with the Stock Exchange But the discount is sufficient to the discount is sufficient to ensure that the issue will get away, and — assuming pre-tax profits of £22m for the full year — the shares sit on an exrights multiple of 11.6. This reflects CSFs attractions as a federation of fast-growing, cash-generative companies which on their own would be too small to interest the insti-

Metal Closures up 16% despite declining rand

By Philip Coggan

INTERIM PRE-TAX profits at Metal Closures is involved in

undrawn bank facilities of a similar amount, would be used to fund further purchases.

CSI is buying Altai, an importer and distributor of electronic components, for an initial £12.7m; Weston, building

components supplier, for 26.35m; and Hargreaves, a hotel and leisure complex in Lancashire for £2m. The acquisitions bring the 1988 total to 11 and the total number of CSI

subsidiaries to 30.

The maximum further consideration payable is £20.9m, payable only if profits over the earnout period exceed £22.5m.

The philmate exit price earnings multiple should work out

at no more than CSFs tradi-tional benchmark of 7.

fional benchmark of 7.

According to Mr Hislop,
Betacom — a telephone distributor which accounts for the
bulk of profits in the electronics division — will be the first
of the CSI subsidiaries to

subsidiaries to 30.

Metal Closures does not split £52.88m, compared with £48.6m its profits by area at the in the same period last year interim stage, but South Africa After tax of £1.59m (£1.44m) contributed just over 50 per and minority interests of cent of operating profits last £230,000 (£201,000), earnings per

INTERIM PRE-TAX profits at Metal Closures, packaging group, rose by 16 per cent to 23.6m despite the adverse effect of the depreciating South Arrican rand.

The rand's decline knocked by increases in raw material prices. In Italy, the group back starling profits in the hair year to July 2 by £350,000.

Metal Closures is involved in the manufacture of bottle tops and plastics packaging. UK operations improved their profits, despite difficulties caused by increases in raw material prices. In Italy, the group moved into profit. £230,000 (£201,000), earnings per share were higher at 7p (5.8p),

Man spo

Sala Strik

ar richn.

France .

James Beattie up to £2.4m

James Beattie, department store operator, increased pre-tax profits from £2.04m to £2.35m in the six months to July 31 1988.

Directors said the buoyant trading conditions reported at the AGM in June had continued throughout the half-year. Sales increased 11 per cent to £25.08m from £22.6m.

Interest receivable rose to 2666,000 (£643,000) while interest payable fell to £6,000

(£715,000) earnings per chare came out at 3.31p (2.89p). The interim dividend is increased from lp to 1.lp.

The company said the first half had produced a most encouraging start to the year and, provided the recent increase in interest rates did not undermine consumer confidence, the board was looking forward to another year of good progress.

(£9.000). After tax of £822.000

Wyevale advances to £1.06m

First-half expansion at Wyevale Garden Centres saw turnover rise 68 per cent, profit 76 per cent, and earnings nearly 69 per cent. The interim dividend is almost doubled to 1.4p (0.73p).

(£4.54m), profit £1.06m (£601.000) and earnings 11.77p properties showed a surplus of

A professional valuation of

interests including casinos and catering, which is facing a 2700m ahare-only bid from Mecca Leisure, yesterday deliv-ered a robust attack on its would be predator, claiming that Mecca's management has no understanding of Pleasurama's businesses and no experience of running them.

"Mecca's management has no experience of running casinos, amusement machine hire businesses or coach holidays

It also contained a defence of Pleasurama's corporate strat-egy, and repeated the comfinance director, said that those arguments did not in any

The contents of this advertisement, for which the directors of Bowater Industries pic are solely responsible, have been approved for the purposes of Section 57 of the Financial Services Act 1986 by Ernst & Whitney, a firm authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

The rules of the Securities and Investment Board require a statement that past performance is not necessarily a guide to the future.

Sales

Pre-Tax Profit

Earnings per share

Dividend per share

UK COMPANY NEWS

Booker rises to £29m despite US drought

BOOKER, international food and agriculture group, managed to increase pre-tax profits by 12.7 per cent to £29.1m in the six months to the end of June, despite the drought in the US prairie belt.

Mr Jonathon Taylor, chiefexecutive, said the drought had forced up the cost of the food for the chickens and turkeys reared by Booker in the US.

Coupled with some over ca-

pacity in the turkey market, margins had been squeezed and North American profits cut from £12.6m to £11 im; the overall contribution from agribusiness fell by £800,000 to

The adverse effect of the drought was counteracted by a strong performance from Booker's food distribution businesses in the UK and from its bealth products division. Profits from food distribution surged from £500,000 to £2.3m, on turnover up by £43.2m to £443.7m; those from bealth products rose by 21 per cent to



Jonathon Taylor: North American margins squeez

£3.5m, on sales of £53.1m. There was no contribution from Linfood, the cash and carry company bought for £90m in July.

Group turnover was £821.5m

(£553.5m) on which operating profits were £32.5m (£26.7m). After interest of £3.4m (£900,000) and tax of £9.6m (£8.7m), earnings per share advanced to 14.2p. The interim dividend is 6p (5.4p).

Hambro

Country

halfway

up 33% at

AN INCREASE of 33 per cent

in pre-tax profits was reported by Hambro Countrywide.

setate agency and financial services group, for the first half of 1988 and the directors said they expected the remain-ing months of the year to

prove satisfactory.

Turnover in the period

advanced 51 per cent to £63m (£41.77m) and the profit came

to £14.27m (£10.72m). With earnings at 3.92p (3.18p) the interim dividend is lifted to

1.1p (0.85p).
On the prospects for 1989 and beyond, Mr Christopher

and beyond, mr Caristopher Sporborg, chairman, said they depended on a variety of important factors, both the general development of the economy and housing market and the particular characteristics of the group.

in the half year the group completed sales of 33,408

homes with an aggregate sales

value in excess of £2.53bn. Mortgages to the value of

2559m were completed for 13,734 house purchasers. Mr Sporborg said the decen-tralised residential agency business continued to open

offices in profitable trading locations - 22 were opened in the latest period and the group

currently operated from 502

offices.

The agency financial ser-

vices side continued to expand and develop, and the sales force increased substantially

The agreement between Hambro and Guardian Royal

Exchange, under which the

company will own the capital of the newly created Hambro

Guardian Assurance, should

be completed tomorrow. With the injection of £40m capital

the new company will be writing business from the begin-ning of October.

Hambro acknowledges the present disquiet about the property market, but believes that any despondency is deci-

dedlypremature; prices will

continue to grow, if at a declining rate, through 1989 and beyond, it says. In any case, a downturn in the mar-

ket would probably affect Hambro less than most: most

of its outlets are outside the

south-east and it concentrates on the broad middle market,

which it reckons is relatively

insulated from economic fluc-

tuations. On the financial ser-

vices front, it now sells two-

fifths as many mortgages as it sells houses — a ratio that is steadily increasing. Looking

ahead, Hambro plans to reduce its dependency on the housing market by building up the

to almost 400 consultants.

O COMMENT

Yesterday'a figures from Booker contained absolutely no surprises, as reflected in the Ip increase in the share price to 367p. At this level, the shares stand on a prospective multiple of approximately 10, assuming recovery in the US and pre-tax profits of 280m in the full year. Having missed out on the Rowntree-inspired flurry of bid speculation in the foods sector, the main attraction in the short term must be the 6.25 per cent wassestime. the 6.25 per cent prospective yield. Over two years, the com-pany, and investors, should benefit from the integration of Linfood and the burgeoning of Booker's fish farming activities in the US and Scandinavian plant breeding activities.

Brammer rises 21% to £6.5m

By Philip Coggan

A STATE OF THE STA

grand

CT.48

, £1,800

BRAMMER, distribution and equipment rental group, yes-terday reported a 21 per cent increase in interim pre-tax profits from £5.36m to £6.46m.

The group's profits fell in each of the last two full year periods because of poor performances from the rental division and the adverse effect of a lower oil price on the Texasbased Master Pumps subsid-

However, both Master Pumps and the rental compa-mes recovered this time and BSL, the core distribution company, had its best first half. In the precision engineering divi-sion, the service and distribu-tion businesses were substan-tially ahead of last year.

Group turnover for the half year to end-June was 15.3 per cent higher at £56,5m (£49m).

Clayform more

than doubled

to £7m midway

Brammer Share price relative to the FT-A Alf-share Index

Earnings per share were 9.70 (8.4p) and the interim dividend is being held at 4.5p.

1985 86 87 88

turned down a 420p-per-share offer from Bunzi three years ago have had a long, and dis-piriting, wait for good news, as the current share price of 244p indicates only too well. Bram-mer's problem is that it has had limited success in adding to its core business of bearings and transmission products distribution. These figures give hope that the tide has turned, although establishing the equipment rental busin taking longer than might have been expected. Few doubt, however, that the move into equipment rental is a sound move in the long term and in the meantime, shareholders who have been patient for this long can comfort themselves with a 6.8 per cent yield.

Assuming pre-tax profits of £13.5m for the full year, the . COMMENT Shareholders in Brammer who prospective p/e is about 12.

By Paul Cheeseright, Property Correspondent THREE MAJOR acquisitions Clayform Properties, the crayform Properties, the property investment and development, group, with a strong retail orientation, yesterday announced more than doubled first half profits and

lifted its interim dividend. In a flat stock market, the strength of the figures prompted a 4p rise in the share price to 237p.

Pre-tax profits for the six

Pre-tax profits for the six months to June 30 were £7m, compared with £3.47m. Earnings per share rose to 13.60 from 6.3p, reflecting in part the buying-in of the group's own equity when market prices were lower. The interim dividend is 3.1p (2.8p).

The half year figures did not include the costs of the abortive bid for Steed & Simpson, the footwear retailer. Thay came to about £590.000 and

came to about £500,000 and will appear as an extraordinary item in the year's

accounts.

There was a strong increase in property development and trading profits. They rose to \$5.06m from \$2.23m in the 1987 first half, helped by the sale of a business space devel-opment in Oxford.

During the second half the pace of earnings was expected to keep up with, among others, contributions from an office development in London's West Rnd, ehopping centres in Ross-on-Wye and Huddersfield, and residential developments. But earnings from retailing

will remain at a modest level until the Schofield Centre redevelopment in Leeds had bean completed and the department store, which Clayform owned, can move back in again from temporary prem-ises.

Analysts are predicting full year pre-tax profits of £17m. Mr David Hyman, the chair-man, will retire on October 1 and be succeeded to the chair by Mr Bryan Burletson. Mr Hyam and Mr Burletson co-ferented the group aight years founded the group eight years

Acquisitions boost EHP to £12.5m at six months

By Andrew Hill

boosted profits at European Home Products to £12.5m before tax in the six months to June 30, against £2.35m.
Turnover more than doubled to £161m (£66.8m) and earnings

per share climbed from 4.7p to Last year, EHP, which dis-

tributes Singer sewing machines and electrical prod-ucts in Europe, bought Werner, a German sock and tights importer and distributor, Ivarie, the Spanish consumer durables group, and Scholl international, the footwear products and retail chain. The profit included a £1m

The profit included a sim property surplus.

The group has opened a specialist sock retailing unit in the Netherlands and may develop the project elsewhere. It has also signed an agreement with London International to distribute condons, gripe water, tooth powder and som in Australia. soap in Australia. An interim dividend of 2.5p

(2p) was declared. O COMMENT EHP is proud that it has eliminated the seasonality of its business, principally through the acquisition of Scholl, balancing the second-half has of the electrical goods side. The acquisition added a substantial than of stores to existing retail outlets and gave to group access to pharmacists across Europe: EHP's sales staff now peddle more than just footcare products to ch-Boots. Analysts are forecasting more than £23m before tax in 1988, excluding property profits. This puts the shares, which rose 7p to 321p yesterday, on a prospective multiple of about 12 arms in the very of the 13, a premium to the rest of the sector. However, the shares look reasonable valua given the European spread of the business, the prospects for growth – property sales in Frankfurt and London should be the sector of the sector boost profits next year - and the possibility of a bid from

chain of stores to existing ents. The group is also establishing Scholl shops within-shops in the UK, through

non-mortgage side of its finan-cial division — a move that will be accelerated by the launch this autumn of its life assurance arm. Profits for the full year should reach £35m, putting tha shares, down 3p to 75p, on a unexacting rating of Normans purchase Normans Group, retailer and plantation company, is to pay £3.18m for the business and freehold property of A.H. Hayes, whose main business is a Learnington Spa furnishing store. Hayes' premises will allow expansion of a nearby one of the large healthcare or electricals groups. Woodward's department store already owned by Normans.

Expamet forges ahead 23%

EXPAMET INTERNATIONAL, building products and security group, yesterday announced a 23 per cent increase in interim pre-tax profits to £4.43m, after restating last year's profits as £3.6m to reflect the merger with Cash & Security Equip-

The company also benefited from the acquisitions of CQR Security Systems and Brema Air and from a profits turnround at Videoscan and Maximal, two of its security companies. Earnings per share rose 19-per cent to 7.81p (6.56p) and the interim dividend is being increased by 13 per cent to 3.4p increased by 13 per cent to 3.4p

(3p). Expanset's policy of diversifica-tion is starting to pay off. After

mild winter. The industrial companies, which largely sup-ply hydraulic accumulators, were ahead despite the impact of a fire at Olaer's Paris factory and the consolidation on the same site of the Fawcett and Christie companies. Expanet continues to have high hopes for the use of hydraulic accu-mulators in Anti-Lock Braking Systems.

sion benefited from the buoy-ancy of the sector and from the

Turnover for the group, in the six months to June 30, increased 11 per cent to £58.2m (£52.5m).

Expamet's policy of diversifica-

rity side had disappointments, all three divisions are forging ahead this year. In the short term, building products is likely to be the best performer; in the long term, main hopes for growth rest on hydraulic accumulators, where the com-pany appears to have built up a strong market position.
Although nominally in the
building products sector, Expamet is more of a mini-conglomcrate, not the most popular of corporate groupings at the moment. That means that the prospective p/e of just under 10, assuming pre-tax profits of £10.5m this year, looks high

years in which first the build-ing products and then the secu-

Downturn holds Ropner static in first half

A DOWNTURN in three of its five divisions has resulted in Ropner, the mini conglomerate, reporting flat pre-tax profits of £2.57m for the six months to June 30 1988, compared with £2.54m last time.

Engineering division profits fell from £572,000 to £65,000. primarily due to a loss of £378,000 attributable to Airtech, its defence communications company, which was sub-sequently sold. The sale of Airtech required an extraordinary write-off of £1.93m in these results. The garden products side

saw profits ship from £1.87m to £1.72m, hit by the wet weather and raw materials prices.

The insurance broking arm lost £116,000, compared with a profit of £197,000 last time. Much of its business is marine hability and the division was affected by poor market condi-tions and dollar weakness.

Shipping profits were flat, 2585,000 against 2579,000. The company has a fleet of five vessels, all dry bulk carriers. Four are on fixed-rate long term charter, and one, Salmonpool, operates on the spot market.

The property division profits increased from £303,000 to £916,000, following the sale of five properties.

Tax took £1.01m (£1.06m). Earnings per abare rose from 5.4p to 5.8p and an unchanged interim dividend of 8p was

O COMMENT

These results were slightly disappointing and the shares closed 2p down at 130p. Although the engineering division's downturn was expected, analysis had been looking for a better result from garden prodacts, the 20 per cent rise in plastics costs coming as a bit

of a surprise. Ropner hopes to pass on some of this increase in the second half. The insurance result was actually an improvement on last year, as that included a £300,000 profit on the sale of its US broking business. The weakness of the dollar has not helped here, nor in the shipping division, which is all dollar earnings. On the plus side, Salmonpool is getting much better freight rates than last year. Analysts have downgraded the full year profits forecast to £4.5m, putting the shares on a prospective p/e of 12.5, but it is the steady yield which attracts.

Profit before tax up 21% to £48.5 million Return on Sales up from 9.5% to 11.2%

Earnings per Share: (before extraordinary items) up 19% to 10.0p (after extraordinary items) up 38% to 11.6p

Dividend up 14.5% to 3.15p

The Directors of IMI pic announce the following unaudited results of the Group for the first half of 1988 with comparative figures for 1987. The results for the full year 1987 are abridged from the audited accounts which have been delivered to the Registrar of Companies.

	1988	1987		
	FIRST SIX MONTHS £ million	FIRST SIX MONTHS £ million	YEAR £ million	
Turnover	434	421	YEAR £ million 861 93.3 3.6 (4.6) 92.3 (30.4) 61.9 (0.8)	
Trading profit	48.1	40.7	93.3	
Income from fixed asset investments	1.5	1.4	3.6	
Net interest payable	(1.1)	(2.0)	(4.6)	
Profit on ordinary activities before taxation	48.5	40.1	92.3	
Tax on profit on ordinary activities	(16.2)	(12.9)	(30.4)	
Profit on ordinary activities after taxation	32.3	27.2	61.9	
Applicable to minority shareholders of subsidiaries	(0.3)	(0.3)	(8.0)	
Profit applicable to shareholders of IMI plc				
before extraordinary items	32. 0	26.9	61.1	
Extraordinary profit after taxation	5.0		_	
Profit applicable to shareholders of IMI pic				
after extraordinary items	37.0	26.9	61.1	
Earnings per share (excluding extraordinary items)	10.0p	8.4p	19.2p	
(including extraordinary items)	11.6p	8.4p	19.2p	

ORDINARY DIVIDEND

The Directors have declared an interim ordinary dividend for the current year at the rate of 3.15p per share (1987: 2.75p per share). This dividend will absorb £10.1 million (1987: £8.8 million) and will be paid on 17 October 1988 to shareholders on the Register on 29 September 1988.

BRIEF REVIEW OF ACTIVITIES

IMI achieved further substantial growth in both profits and earnings per share. All business areas contributed to the increase of 21% in pre-tax profits and 19% in earnings per snare (before extraordinary items).

The net effect of acquisitions, disposals and exchange rates was minimal. Compared with the first half of 1987:-

In Building Products, continued good growth in the fittings activity more than offset some downturn in demand for copper tube and cylinders resulting from an early end to the heating season.

We achieved good profits growth in Drinks Dispense, particularly in the UK and Europe, the Far East and Latin America.

In Fluid Control, our pneumatics companies performed strongly worldwide. The USA was particularly buoyant and the West German operations recovered well after a slow start. The control and instrumentation subsidiaries also achieved Increased profits. We continued to expand this business area through a series of acquisitions in a number of countries.

With higher aerospace activity worldwide, demand for titanium increased and we have a good forward order book. The operating performance of the refinery improved against a background of volatile metal markets and turnover in

Refined and Wrought Metals in part reflected higher copper prices. In Special Engineering, the components activity continued to perform well as did alloy tube in a difficult market; the air conditioning and computing activities grew strongly.

The analysis of turnover and profit by class of husiness is set out below:

		88	-	198	37	
		rst Onths		rst Onths	YE	AR .
	Turnover		Turnover £ million	Profit £ million	Turnover £ million	
Building Products	95	8.3	95	7.3	205	20.8
Drinks Dispense	81	10.5	82	8.7	151	17.2
Fluid Control	106	16.7	102	14.2	203	29.1
Refined and Wrought Metals	113	6.2	98	6.0	212	13.5
Special Engineering (& other activities)	81	8.3	76	6.9	160	17.4
	476	50.0	453	43.1	931	98.0
items not attributable to a specific class of business Intra-group sales	_ (42)	(1.9) —	_ (32)	(2.4) —	_ (70)	(4.7) —
Turnover & trading profit	434	48.1	421	40.7	861	93.3
Income from fixed asset investments		1.5		1.4		3.6
Net interest payabla		(1.1)		(2.0)		(4.6)
Turnover & profit before tax	434	48.5	421	40.1	861	92.3

PO Box 216, Witton, Birmingham B6 7BA

BUILDING PRODUCTS E DRINKS DISPENSE E FLUID CONTROL E SPECIAL ENGINEERING E REFINED AND WROUGHT METALS

Enlarged Bowater surges to £31m

BOWATER INDUSTRIES, future of the company." where new manage in during the first half of 1987, reported a 76.3 per cent rise in pre-tax profits to £30.5m for the six months of 1988. The shares

rose 4p to 419p. Mr Norman Ireland, chairman of the packaging, building and industrial products group, said "activity levels are good and, with improving margins, outlook for 1988 is encourag-

The company was encouraged by a 44 per cent take up by UK staff of a new employee share option scheme, which Mr Ireland said "indicated their involvement in the long term

All areas bar the US subsidiary

made strong advances in the first half at Psion, the micro-

electronics company which joined the USM in March.

Pre-tax profits rose by 57 per cent in the period ending June 30 from £657,000 to £1.03m.

Turnover advanced 68 per cent

from £4.79m to £8.06m. Earnings per 5p share were 3.74p,

Mr David Potter, chairman

and managing director, said additional output of Organiser

II handheld computers would

come through in the third

quarter to meet increased iemand. Psion also launched yesterday the Psion Printer II,

for the Organiser II range. In the US, the high level of mar-keting expenditure expanded

the distribution base and sales

out resulted in a modest loss.

performance.

Psion above

£1m halfway

Mr David Lyon, chief execu-tive, said that a large part of the profit increase came from acquisitions, notably of Rex-ham Corporation which was bought last November. That added £75m to sales, which rose £5.3 per cent to £689m. Trading profits rose 76.6 per cent to £36.9m, and Mr Lyon said the underlying growth, excluding acquisitions, was 33 per cent

Group trading profit margins rose from 3.8 to 5.4 per cent, but Mr Lyon said there was still plenty of scope to increase them further. Rexham's inclusion in the

packaging and industrial profits division helped trading profits there rise by 92.5 per cent to £20.4m, with margins up from £7 to 6.9 per cent. There was good growth from many of the other businesses in the divi-sion, including a recovery from losses to profits in Camvac's

Trading profits in the mer-chanting and services area doubled to £13.3m, with mar-gins rising from 2 to 3.8 per cent. Many of the activities enjoyed strong market condi-tions, such as Bowater's builders merchants and its window business, while the concentration of the freight forwarding operation improved its mar-

profits - from £3.7m to £3.2m - in the tissue and timber products division. Price competition in the Australian tissue market, as a rival prepares to open new capacity, hit profits despite a good performance from the timber side.

from the tunber side.

Earnings per share rose from 11.5p to 17.9p, and Mr Lyon said the Rexham acquisition had had a positive effect. The interim dividend is up by a third to 7p, although this rise is partly intended as a move towards evening up the two towards evening up the two payments. See Lex

payments.

Pentos up to £2.4m midterm

By Andrew Hill

PENTOS, the retailing group which includes Dillons, Athena and Ryman, increased interim pre-tax profits by 71 per cent to \$2.4m in the six mouths to June 30, against £1.4m in the equivalent period.

Turnover advanced from £33.7m to £51.1m and earnings per share rose 34 per cent to

1.96p (1.46p).
Mr Terry Maher, chairman, said 35 new sites had been acquired for opening this year and Pantos expected to increase net retail space by 100,000 sq ft during 1988, mak-ing a total of 450,000 sq ft. Ryman, the stationery chain bought in August 1987, contributed £400,000 to pre-tax profits and Pentos said it should contribute £1.8m in the full-year.

Excluding Ryman and English & Overseas Properties, floated off in July, group trad-ing profits grew 37 per cent on sales increased by 33 per cent. Mr Maher said the new shop design for the Ryman chain had been introduced at the Vic-toria Street branch in London and would be tested in two further stores before the rest of the chain was refitted. Pentos declared an interim

vidend of 0.4p, against 0.3p last time.

Mr Maher - one of the first disciples of retail design - is experiencing some teething problems with the Ryman refit, but still thinks the redesigned stationery chain could match

growth rates at Dillons and Athena. The burried installation of electronic point of sales equipment at Dillons in Oxford also created early problems, but the branch is now geared up for the new academic year, according to Pentos, and an older and wiser retail team is applying what it has learnt for the launch of an even larger store in Cambridge at the end of the month. Analysts are conbefore tax in the full year, put-ting the shares, which rose 2p to 110p yesterday, on a pro-spective p/e of about 13. This is a premium to the market and the retail sector, currently depressed by worries about consumer spending, but the shares are worth holding.

NSM pays £82.5m for **Bison**

By Clay Harris

NSM, Britain's largest private coal miner and formerly known as Burnett & Hallamshire (B&H), is to pay £82.5m for Bison Holdings, supplier of pre-stressed concrete flooring. The acquisition is the first under NSM's new manage-ment, which said the purchase would introduce an estab-lished, highly profitable and cash generative business into

of heavy pre-tax losses, incind-ing one of £125.7m in 1984.85, B&H was rescued earlier this year by Anglo United, which injected its own coal interests as part of a refinancing pack-

would pay a 3p dividend for the year to March 1938; this would be its first cash pay-ment to shareholders since

January 1985.

Rison, which reported profits of £8.5m in 1987, was bought by its managers from Banque Audi Suisse of Geneva

for £10m in 1985. The acquisition is to be par-tially financed through the issue of 25m ordinary and 33.37m convertible preference shares, of which Rison's ven-

dors will retain £30.5m worth. There is a £25m open offer to existing NSM shareholders, on the basis of four ordinary shares at 85p and five preference shares at 100p, in each case for svery 50 shares aiready held.

Anglo United will subscribe for the marketenes shares at 85p and five preference shares at 100p, in each case for svery 50 shares aiready held.

for 4m preference shares. Its stake in NSM will fall from 81.27 per cent to 24.2 per cent, fully diluted.

Good UK performance helps CRH rise 34% in first half

CRH .

180

By Andrew Taylor, Construction Correspondent

CRH, international building msterials group and one of Ireland's largest companies, increased pre-tax profits by 34 per cent to I£19.5m (£16.7m) in the six months to June 30. Sales at the company, for-merly Cement Roadstone, increased by 28 per cent to £400.1m. More than 80 per cent

of group profits is generated outside Ireland, compared with less than 10 per cent 12 years The US, which last year con-

tributed 36 per cent of total trading profits, achieved a slight increase in the first half, helped by a small first-time contribution from the Pike

Industries joint venture.

Teething problems at Catalan Concrete, acquired in Spain last October were caused by a shortage of fly-ash — a residue produced at coal-fired power testions mediate to reduce the stations used to reduce the cement content and improve the performance of concrets. This held back profits growth at the Spanish subsidiary. CRH said the problems were being resolved and should not recur. The UK, which last year accounted for 23 per cent of trading profits, continued to perform well despite lower

10.3 per cent rise in the interna dividend to 1.5p.

profits in Northern Ireland. Profits in the Irish Republic also dipped slightly, although exports of cement to Britain doubled to 238,000 tonnes.

Mr Tony Barry, chief executive, said cashflow remained strong despite spending £23m on acquisitions in the US, the UK, Ireland and the Netherlands. Net gearing was expec-ted to be reduced by the year end, barring further acquis-

Earnings per share increased spective p/e of from 4.48p to 5.24p, allowing a for the sector.

The principal engines for earnings growth have been the UK and mainland Europe. Although construction was held back in some US states by poor weather, an unseasonally good winter helped swell. Rurope's contribution to group profits. The Dutch-based builders' merchants did particularly well. Spain, despite its fly-sin supply problems, produced a modest profit and could be approaching about it per cent of group earnings by the yearend. The construction recession in Ireland appears to have bottomed out, but sales of black-top for roadbuilding Although construction was black-top for roadbuilding remain badly affected by a government spending squeeze. The star UK performer was the builders' merchants operations in southern England. The second half of the year, when the US traditionally performs better, normally produces about two thirds of annual group profits. Pre-tax profits of 260m, with a 22 per cent tax charge, would put the group on a prospective p/e of 9.5 - fairly high

Strong car market helps TKM

THE VERY strong retail car market helped Tozer Kemsley & Millbourn (Holdings), motor distributer and retailer, increase interim pre-tax profits by 47 per cent to £17.85m. How-ever, the advance from £12.18m included an exceptional profit of £1.96m from the sale of

of £1.96m from the sale of share holdings. Turnover for TKM, part of Sir Ron Brierley's BIL group, rose to £475.2m for the six months to June 30 compared with £437.2m in the 1987

The tax charge was £6.08m, against £4.99m last time. Earnings per share rose from 3.3p to 5.4p and an interim dividend of

Ip (0.8p) was declared. Mr Reg Heath, chief executive, said 1988 had been a record year for registrations and TKM had been getting its share of the new car market. Used car sales were very strong with values holding up well, and specialist car demand

exceeded supply.

Maranello Holdings, which
has the UK Ferrari import concession, acquired earlier this year, made a contribution.

TKM's retail and import activities have been going well and, following the phenomenal demand for new cars, these are

expectionally good figures. This is in spite of niggling problems like an uncompetitive Kenning Tyre division and the yen/French franc exchange rate effecting imports of Mazde to France. There are two slight worries for the sector as a whole - a general downturn in demand is expected uext year and Ford's announcement this week that it is ending its cheap car purchase finance schemes is bound to be fol-lowed by the others, dampen-ing demand. But the City is looking for about £41m for the full year, giving a prospective p/e of 7, low relative to the sector.

Peachey concedes bid defeat

by Nikki Talt

PEACHEY PROPERTY has conceded defeat in its 1282m bid battle with Wereldhave, Dutch property group, and is recommending acceptance of the 650p-a-sbare offer

Yesterday, Wereldhave declared the bid unconditional, claiming control of 50.86 per

cent of the equity: In a letter to shareholders, Sir Charles Ball, Peachey chairman, said that the board recognised that control of the majority of the shares has now ed to Wereldhave and "in view of the current uncertainties in the stockmarket" believed it is in shareholders'

interests to accept. Wereldhave raised its bid last Wednesday and, following a market raid, claimed to control over 50 per cent of

A few hours after the two announcements, Peachey released its full year figures to June 24 - wholly in line with the profits forecast made in the course of the bid. The company made £14.4m before tax, compared with £11.65m in the previous 12 months, with net rents received up from £12.9m to £16.2m.

The profit on trading properties is £6.54m against £4.78m. and earnings per share - after tax of £5.06m (£3.66m) - run out at 23.4p, compared with an adjusted 22.3p.

Stanley Miller profit Building contractor Stanley Miller Holdings, which fell \$421,000 into the red in the first half of 1987, reported profits of £315,000 pre-tax for the opening six months of 1988. Turnover

rose by £5.3m to £19.33m.

The directors were confident of an improved performance for the rest of the year and in future years. The interim dividual of the performance in the rest of the year and in future years. The interim dividual of the performance in the performance of the dend is 0.75p (0.5p). Earnings were 5p (losses 7p) per share.

London and Bishopsgate lifts stake in New Tokyo

LONDON AND Bishopsgate : year saw the unitisation of its Holdings, the private invest Crescent Japan trust — and ment management company there has been speculation that convert predominantly by publisher Mr. Robert Maxwell and wish to use its portfolio as the Lord Donoughue, has raised its base for 35 Index fund. stake in New Tokyo Investment Trust by L3m shares to 11.05m or 25.11 per cent.

London and Bishopsgate, which specialises in global asset allocation and the use of index funds, first acquired a 15 per cent stake in the trust from the Kuwait Investment Office in late-July.

New Tokyo is a £70m fund managed by Edinburgh Fund Managers – which earlier this

Yesterday, New Tokyo declined to comment on the latest stake increase. However with over 25 per cent of the shares, London and Bishopsgate is now in a position to block any special resolution-requiring 75 per cent approval – the type of situation which has cropped up at a number of investment trusts recently, when trusts have devised their own pre-emptive reorganisa-

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Lopex in European deal

tion schemes.

LOPEX, advertising and communications group, is returning to the acquisition trail through the purchase of a 40 per cent stake in Gultig & Hoffmelster, Frankfurt-based

advertising agency.

The move marks Lopex's seventh expansion move this year and follows hard on the els of last month's acquisition of RCF Marketing Group. Mr John Castle, chairman, said: "We have been searching for some time for a West Ger-

man agency to join our Alli-ance International European network." Gultig would enable Lopex to "offer a range of communications services to the very highest standard in 11 countries in Europe" he added. Lopex is paying DM 1.4m

(£449,000) for Guitig, of which DM 1.12m is payable in cash with the balance satisfied by the issue of 38,774 Lopex shares. A final payment of DM 0.2m is due in March 1990.

In 1987, Gultig had gross bil-lings of DM 29.7m and achieved pre-tax profits of DM 439,000. Net tangible assets amounted to DM 283,000. Meanwhile, Lopex also

amounced record pre-tax profits of £2.75m (£2.03m) for the six months to end-June on turnover eight per cent ahead at £73.21m.
After tax of £1.09m

(£832,000), and minorities of £233,000 (£199,000), earnings per 5p share worked through at 9.26p (7.32p). The interim divi-dend is lifted to 2.4p (2p).

Lyon & Lyon advances 31%

Lyon & Lyon, Wast Yorkshire-based motor dealer. in which Mr Tony Bramall has built up a stake of almost 20 per cent, reported pre-tax prof-its for the first half of 1988 of £381,000, up 31 per cent on the comparable £291,000. Turnover improved from £8.09m to

Rarnings per share were stated as 7.75p (5.86p) and an interim dividend of 1.8p (1.5p) has been declared.

Directors said that the automotive businesses performed well and results from contract hire and property letting were

stage. But these latest results

MTM jumps 67% at midway

MTM, speciality chemical manufacturer, saw its profit rise 67 per cent, from £1.8m to £3m, in the first half of 1988. Total turnover was reported at 238.1m, against £19.2m last

Mr Richard Lines, chairman, said organic growth was stib-stantial and made a major contribution. Prospects for the secoud half were most

encouraging, he added.
"We increasingly see our activities centring on five strategic business sectors - phar-maceutical intermediates, agrochemicals; surface effect chemicals; services; and indus-trial chemicals. The last of these is likely to contain the

embryos of new business sec-tors in the future", the chair-The chairman said Norsochem, the joint venture with

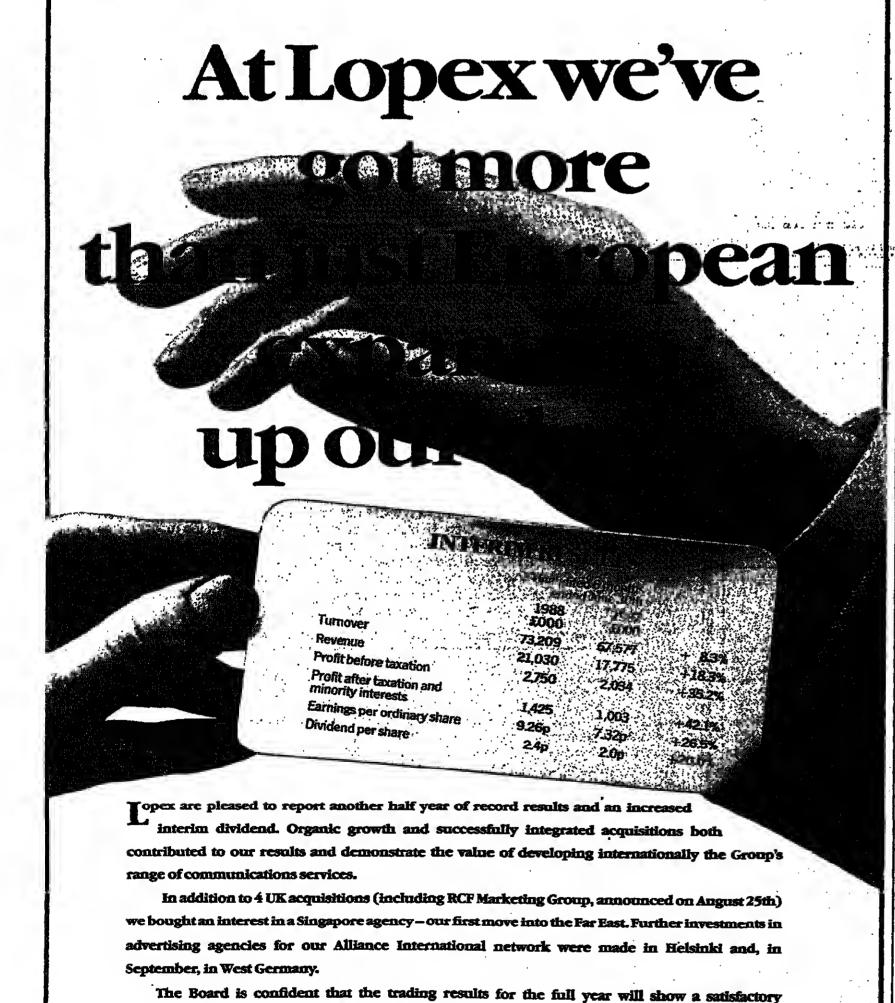
Norsolor, was settling down well, and significant economies had been achieved by rational-leing production and distribu-

Earnings in the half year came to 6.5p (3.8p) and the interim dividend is 1.1p (1p).

• COMMENT

MTM's standing in the City faltered a year ago when it produced disappointing interims and was not helped by conto-sion over its treatment of consultancy fees at the full year

were well up to expectations and have focused analysts' attention on MTM's apparently buoyant growth prospects. MTM's spread of specialist niche markets should belp insulate it from an economic downturn, while its newly-acquired business in South Caro-lina-could be the basis of at least a ten-fold increase in its US sales. In the shorter term, the joint venture with Norsolor should produce more gains from rationalising production and distribution. Profits for the full year are expected to reach 26.5m. which put the shares, up ip to 148p, on an appropri-



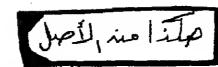
LOPEX

If you would like a copy of the 1988 interim statement, please contact:

The Secretary, Lopex pic, Alliance House, 63 St Martin's Lane, London WC2N 4BH. (Telephone: 01-836 0281).

The contents of this statement have been approved for the purposes of Section 57 of the Financial Services Act by Peat Marwick McLintock

which is authorised to carry on investment business by the KAEW, Past performance is not necessarily an indication of future performance.



CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

VI ITENSE

HERITA

Pound up on dollar weakness

STERLING IMPROVED in lowing a gentle downturn in currency markets yesterday, Europe. Traders were deterred feeding on concern that UK from trying to establish a interest rates may be increased. While cash rates were lower yesterday, there was a growing expectation among oversess investors, that UK economic data was still likely to point towards fast growth and higher inflation. Despite official calla for

patience - to allow the rise in base rates started earlier this year to have an effect - short term investors sensed that the anthorities may have little choice but to increase rates, should the pound lose its new found confidence. Sterling was also underpin-

ned by the dollar's weaker tone after the long US weekend. This encouraged investors to use the pound as a short-term, high yielding parking lot, at least for the time being.

The pound's exchange rate index ended at 75.9, up from 75.7 at the opening and 75.5 on Monday. Against the dollar, it rose to \$1.70.5 from \$1.50.5

rose to \$1.7035 from \$1.6860, and DM3.1375 against the D-Mark, compared with DM3.1275. It was also higher against the yen at Y230.50 from Y229.25. Elsewhere it finished at SFr2.6475 from SFr2.6335 and FFr19.6900 compared with

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4.00 pm _____ 75.9 755 **CURRENCY RATES**



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CURRENCY MOVERENTS

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Yen per 1700; French Fr. per 10: Liva per 1,000; Beiglan Fr. per 10 MONEY MARKETS

London rates ease THERE APPEARS to be little immediate danger of higher interest rates in London or Frankfurt, but the improvement of the D-Mark is leading to some nervousness within the European Monetary Sys-

The Dutch Central Bank raisad the rate on special advances to the Amsterdam money market to 5.25 p.c. from 5.10 p.c. as a signal that the central bank wishes the guil-der to maintain its current value against the D-Mark.

The West German Bundes-bank council meets today, and

is not expected to change its credit policy. The German cen-tral bank left its securities repurchase rate unchanged at. 4.25 p.c. yesterday when set-ting a tender for a 35-day agreement. The fact that no variable rate pact was offered was seen as a sign that the authorities are determined .0. stabilise rates.

An improvement by stering led to an easing of interest rates in London. Three much interbank fell to 123-124 p.c. from 12%-12% p.c. No najor Sentiment was influenced by a report released from the National Association of Purchasing Managers in the US. This showed a fall in economic activity in August, and, following along the backet discoing close on the heels of disap-pointing August employment data, left most traders with the impression that pressure for higher US interest rates has

from DM1.8660 and Y135.30 compared with Y136.00. Elsewhere if finished at SFr1.5535 from SBr15620 and FFr6.2750 compared with FFr6.3150. On Bank of England figures, the dollar exchange rate index fell from 99.5 to 99.1.

high against the Italian lira. The latter was depressed by the lack of progress on initiatfirmer dollar trend, as they returned to their desks after the three day break. ing Government spending cuts.
In Milan, the D-Mark was fixed at 1.746.05 compared with a record fixing level of 1.746.10,

a record fixing level of 1.746.10, touched in May.

The French franc was also under pressure against the D-Mark. The latter rose to a four-month high at the Paris fixing, where it was quoted at FF73.4026, up from FF73.3992 on Monday. There was no intervention by the Bank of France at the French of the Paris of the France o France at the fixing or in open

Despite recent pressure on the French franc and the Italian lira, most dealers see little chance of an early realignment within the EMS. The D-Mark has been in the doldrums for so long, that it would require a much more sustained apprecia tell from 99.5 to 99.1. tion, before the weaker curren-in furope, the D-Mark was cles approach their divergence

	Eco gentral rates	Currency announts against Ecu Sept.6	% change from central cate	% change adjusted for divergence	Divergence (fanit, %
Frant Okrone on D-Mark Franc Golider	42,4582 7,85217 2,05853 6,90403 2,3143 0,768411 1483.58	43,4773 7,96649 2,07210 7,05009 2,34011 0,773666 1545,77	+2.40 +1.46 +0.66 +2.12 +0.89 +0.68 +4.19	+1.02 +0.08 -0.72 +0.74 +0.49 -0.70 +3.36	±1.5344 ±1.5404 ±1.0981 ±1.3674 ±1.5012 ±1.6684 ±4.0752

POU	ND SPOT	FORWAR	D AGAIR	ST T	HE POU	ND
Sept.6	Day's spread	Close	One month	% Na.	Three months	% p2
S	1.6885 - 1.7050	1.7030-1.7040	0.53-0.50cpm	3.63	1.50-1.45pm	3.4
eherlands	2.0905 - 2.1050 . 3.534 - 3.554	21015-21025	0.44-0.32rpm 24-174cpm	갦	1.01-0.82mm	17
leium	65.75-66:15	65.80 - 65.90	29-26cm	5 m	77-71 pm	6.4 4.5 3.4
land	12.06 - 12.11 1.1695 - 1.1765	12.09 - 12.10 1.1720 - 1.1730	4-33-prepin 0.44-0.39com	125	107-10pm 127-11700	41
Germany	3135 - 315	3135-314	2-13 pfpm	7.2	54-54-00	6.7
risgal	258.50 - 260.70	259.60 - 260.60	5-41csks	-3.37	32 12 1	-1.1
alay	208.50 - 209.55	209.10 - 209.40	29-18cm	1.36	65-54pm	'n
7	23-3-23-94 11.633 -11.675	23451-234612	Ipa-lifedis I-13-oredis	1.72	5-2nm	-1.3
	10.684 - 10.72	20.68% - 10.69%	33,-31 ₂ com	407	101-9300	37
andre ·	10.89-10.924	10 91 - 10 92	13-lemma	131	414-35-pm	. 14

Janes	2291 - 231 22.10 - 22.16	230-231 22-13-22-16 2644-2654	13-13-yen 132-123-gropes 15-13-yen	7,48 7,25 7,08	4-37-pm 4-37-pm 365-341-pm 53-53-pm	6.83 6.39 8.31
Belgian taté 4.70-4.60cpt	is Country lide francs. I	leastlat trans 66.90	67.00°, Sta-tmostik	forward do	llar 2.72-2.67cpm	12 months
DOLL	AR SPOT-	FORWAR	D AGAI	IST 1	LHE DOL	LAR
Sept.6	Day's .	Close	· Oce month	PA.	Three .	7.4. p.e.
trict	1.4885 - 1.7050 1.4430 - 1.4540 1.2325 - 1.2325 2.0780 - 2.0950 38.60 - 38.90 7.684 - 7.13 1.8395 - 1.8350 1525 - 153	1.7030 - 1.7040 1.4540 - 1.4559 1.2335 - 1.2345 2.0795 - 2.0805 38.60 - 38.70 7.094 - 7.104 1.8415 - 1.8425 1524 - 1524	0.53-0.50cpm 0.16-0.21cdls 0.13-0.17cdls 0.56-0.54cpm 5.00-3.00cpm 0.304-0.10ccpm 0.58-0.55cptps 50-70cdls	35 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	1.50-1.45pm 0.42-0.52pg 0.50-0.57ds 1.54-1.50pm 12.00-8.00pm 0.45ds;par 1.58-1.53pm 155-205dts	3.46 -1.30 -1.73 -2.91 -1.03 -0.06 -3.37 -4.73

Deamark	7.004 7.13	7.094 - 7.104	0.30d-0.10orom	367	0.45dis-par 1.58-1.53om	
W. Germany Portugal	1525 - 153	1524-1524	0.58-0.55ptpm 50-70cils	4.73	155-205dk	
Soals	12250 12325	122.75 122.85	1B-28of6	2.25	50-60db	1.
ftaly	1374 - 13834	13764 - 13774	3.50-4.50tiredis	3.46	8.80-10.80ds	
Morway	6.834 - 6.884	6.843 - 6.85	260-2.95aredis	-4.86	8.25-8.65dk	
France	627-631	6274 -6274	0.30-0.20cpm	0.48	0.70-0.40pm	
Sweden		6.401 - 6.4L	1.10-1.35eresis	-2.29	5.05-3.45dk	-20
J2024	135.10 - 135.75	13525-13535	0.43-0.40ypm	3.68	1.19-1.16pm 9.75-8.75pm	3.4
Austria	12964-13.044	12.964 - 12.97	3-80-3-40-room	3.32	1,90-1,85pm	2/
Settzerland,		1.5530 - 1.5540	0.70-0.67cpm			_
a IIIK and hel individual con	and are quoted in 135 reacy, Belgian rate i	correct, Forward price for convertible frame	enium and discour es. Financial fram	39.25-3	the US dollar as 1.35,	d met to t
	EURO-C	URRENCY	INTERE	ST B	ATES:	
Swill	Short Series	7 Days	One The	the l	Six	Oer- Year

Silb.w.i.	Short. term	7 Days notice	Month	Mostls.	Six.	Year
Stelling	104-10	100-101	114-114	121-121	123-124	124-1
Car Dollar	41.4	35.35	24-22	10 - 10	107-10-5	104-1
D. Guilder	34-21	31.3	3434	34.34	强强	313
Deutschmatk	41, 45	44.45	13.45	1111	51.54	54.5
Relien Lire	12-10	125-113	12 11 -1	17.11	玛瑞	1211
8 Fr. (Fla)	73.7	75-73	74-64	15-7	874	81-7
O. Kross	32.30	87-81	83-84	81.81	81.81	9.5
Asian SSing	8-8	84-84	87-84	812-812	.84-85	812-8

	1000	tern 92	Per s	odoli Nati	24		550	s 9,4 nt te	-9,	, po	are i	thre	er yes	n 9 A Dolla	-94	Japa Japa	t; for	r years feet out	945.1	k∑ per bro day	CERT F	
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	***	E	CHA	MO	CR)5 5	RATE	8		
Sept.6	2	\$.DM	Yen	F Fr.	S Fr.	H FL	Lira	CS	O Fr.
£	8.587	1.704 T	3.138 1.842	230.5 135.3	10.69 6.273	2.648 1.554	3.543 2.079	2346 1377	2102 1.234	65.85 38.64
DM -	0.319 4.330	95%	13.61	73.45 1000	3.407 46.38	0.844 11.49	1129	747.6 10178	9.119	20.96 285.7
F Fr.	0.935 0.378	1594	2.935 1.185	215.6 87.05	10. 4.037	2477	3.314 1.338	2195 886.0	1.966 0.794	61.60 24.87
H.F.	0.282	0.461 0.726	0.866	65.06 98.25	3.007 4.567.	0.747 1.129	1_510	662.2 1000.	0.593	18.5° 28.87
C.S.	0.476	0.811	1.443	107.7 350.0	5.006 16.23	1.260 4.021	1.686 5.380	11126 3563	3.192	31.33 100.

week and there is no reason to believe there will be any shocks for the market.

Stronger performances by the D-Mark and sterling have been helped by a weakening of the dollar after recent figures have indicated there may be no need for the US Federal Reserve to tighten its mone-

tary stance.

The dollar fell below DM1.85 yesterday, and this coupled with a slowing of West German

monetary growth means the Bundesbank council can afford

whicher further adjustments to moretary policy are required.
Credit conditions remained very comfortable in London.
The Bank of England initially

Til Bank of England initially forecast a money market sur-rius of around £160m, but

vised this to a flat position at

The authorities did not oper ate in the market during the day.

Bills maturing in official

hands, repsyment of lete assistance, and a take-up of Treasury bills drained £188m. This

was offset by Exchequer trans-actions adding £175m to liquid-

ity, a fall in the note circula-tion of £55m, and bank balances above target of £70m.

In Frankfurt the money mar-

ket showed little reaction to

the terms of the latest securi-

ties repurchase pact from the Bundesbank. Call money rose

slightly to 4.75 p.c. from 4.70 p.c. in quiet trading.

FT LONDON INTERBANK FIXING

NEW YORK			Treasury	Aills and	Bonds	
(Lunchtime)		no menth		7.14 Four	year	
Prime rate	94-4 5	Pirge month Six month Jose rein		7,78 Seven		
Fed funds Fed funds at intervention	3 8 <u>X</u> 1	WO JEW			-	
Sept.6	Overnight ·	One Month	Two Months	Three Months	Six Months	Lon
rankfiert	446-4.75 78-78	4.75-4.85	4.80-4.90 711-712	4.85-5.00	5.25-5.40 84-84	3
	518551	11.1		5454		
	3.84375	4.28125	•	4.15625	•	
Milan	10-10-2					

LONDON MONEY RATES									
Sept.6	Oversight.	7 days notice	One Month	Three Months	Six Months	One Year			
interhant Offer interhant Bid	11 8 104 104	10 % 10 % 10 %	11111111111111111111111111111111111111	12.12.12.12.12.12.12.12.12.12.12.12.12.1	124 124 124 124 125 126 126 126 126 126 126 127 127 126 126 127 127 127 127 127 127 127 127 127 127	12 12 12 12 12 12 12 12 12 12 12 12 12 1			
						AIII 4 14			

Treasury Bills (self); on	e-month 11% per cer	n, three montes	11 k per cer	n; Bank Bills (seit);
one-month 1114 per cent; discount 11.6355 p.c. ECG	three months 1133 p	er cest, Treasur o Evocet Fissoci	y Bills; Aw e. Make un	# 29¢ tende r rate of day Aug 31 1998
Agreed rates for period Sept	ember 26 1988 to 00	nner 25 . 1988	. Scheme I: .	12.27 a.c., Schemes
II & III: 12.72 p.c. Referent 11.364 p.c. Local Authorit	v and Finance Hous	es seven days." D	ouice, other	s Seven days' fixed.
Finance Houses Base Rate : days notice 3.75 per cent. C	L1 from September 3 ertificates of Tax Dec	l , 1988: Bank bosit (Serles b):	Jeposit Rate Deposit £10	ts for sums at seven 0,000 and over held
under one month 712 per cer months 912 per cent; nine	at: one-timee months	9 DE CENT: USE	-six montas	9 per cent; six-nine
July.5,1988 Deposits wit	paramu tór csar 2 b Lémenc alcums 2.5	er cent.	2 2200,00	· Se cent ilon

FINANCIAL FUTURES

Profit taking trims gains

money market, and a rise in

pared with 87.91 on Monday.

STERLING INTEREST rate contracts fell back from a firm start on Liffe. Profit taking pulled prices down to close near the day's lows, but firmer on the day.

Sentiment was encouraged by a rise in the value of ster-ling to trading levels above \$1.70 and DM3.14. This led to an easing of cash rates on the

LEFFE LONG COLT PUTERES OFFICIAL

Call Sec. 5622 406 213 32 35 5

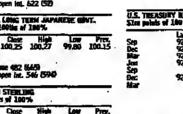
LONDON (LIFFE)

Previous 0	volente Lotal, Calls 1 gy's open let. Calls 1	2719 Pals 23617
LIFFE 5/5 525,000 (ents per £2)	
Strike Price 155	Calls-settlements Sep Oct 1505 1505	Pats-settlements Sep Oct
170	505 546 139 246	15 105 152 305
	LIPPE SO	Estimated volume total, Carlo 1 Previous 009's open lat. Carlo 1 LIFFE ES 009'T100'S EZS,000 (carlo per £11) Strike Carlo-estiments Price Sen Oct. 1555 1505 1505 1505 1505 1505 1505 1505

Estimated volume total, Calls 25 Pets 0 Previous day's open lac. Calls 753 Pets 1967

Calls-9 Oct 5.35 2.30 0.95 0.30 0.45 Paris-settlements Oct. Nov 1.25 2.30 3.25 4.50 6.75 7.50 11.30-12.05 16.15 16.65 Nov 91522576260 Nov 3.95 3.25 1.60 0.85 0.55

9.95 10. 5 7.66 7. 5 5.53 6. 3.73 4. 2.40 3. 1.43 2.	94 821 98 653 37 502 25 3.75 04 2.75 40 2.65	0.01 0.07 0.15 0.49 1.25 2.75 2.75 496,517 (7,499	0ct 0.23 0.39 0.85 1.70 2.61 4.13 5.97	Nov 0.69 1.15 1.82 2.65 3.76 5.26 7.00	134 137 260 3.60 4.90 6.40 8.08		50 4.9 50 0.3 50 0.3 50 0.3 50 0.3	0 2 0 0 0 0 0 0 0 0
LIFFE			CHI	CAGO				
of 100%			U.S. 1 \$186,	NEASUI 000 325	y MONDS	(CBI) 57		
Grose His 93-22 93-2 93-29 94-12 ne 25463 (1397) pen int. 33463	2 93-2 <i>0</i> 39	Pres. 93-10 93-26	Sep Doc Mar Jun Sep Doc		88-08 87-22 87-02 86-14 85-30 86-15	88-19 88-00 87-12 86-00 85-15	88-04 87-15 86-29 86-14 85-30	88-0 87-1 87-0 86-1 85-3
MOTIONAL CIL	r	_	Mar Jun		84-30	84-31	85-13 84-30	85-1 84-3 84-1
Glose High 93-00 93-00 93-11		Pres. 92-24 92-28	Sep Dec Mar		:	:	:	83-2 83-0



87.75 28.00 88.45 88.73

525 per	00 Denex full index point	1		
Sep. Dec.	176.40 178.65	177.70 179.20 179.20	176.10 178.80	176.9 178.9
Estimate Previous	day's open inc.	11811 (I	1945	
Class pob	SOUTH EURSDE	MLAR		
Sep.	Close 91.55	91.58	1.55 91.55	91.5

Sep. Dec Mar Jun	91.55 91.21 91.21 91.21	91.58 91.21 91.27 91.07	91.55 91.14 91.21 91.01	91.5 91.1 91.2
Est. Vol. (Previous d	inc, figs, pot : m's open int.	down) 46 42129 (42	72 (27 <u>18)</u> 1047)	
	URY DOWNS 2 32ms of 100			_
Ses Dec	88-10 87-20	88-18 87-31	88-04 87-12	Pres 88-06 87-2

	y's open lait. 9789 (9290) NCY FUTURES
LIFE-STE	PLENG £25,000 S per £
Sep Dec	Close High Low 9 1.6987 1.6637 1.6620 1.6820 1.6 1.6735
Prestous da	foliante 4 (32) y's open int. 247 (215)
WOULD S (POWERGI EXCHANGED

1.6837	1,6820	1,6820	14
ohme 4 (32	247 (215)		
1-mth. 1.6984	3-prth, 1.6886	6-mth. 1.6766	12 m
DE S: per 2			
1,7000 1,4848 1,6730	1.7028 1.6880 1.6742	1.6986 1.6820 1.6720	1.687 1.671
	blume 4 G2 /s open int. 1-sata 1-sata 106 St per 1 1stes 1.7000 1.4548	blumin 4 (32) /s open lad. 247 (215) OWENEN DICHAMSED 1. safa. 3-safa. 1.6784 1.6805 Latest. 18-safa. 1.77000 1.77028 1.4848 1.6880	Counte 4 G27 (s open int. 247 (215) CONSEGN DECRAMED Londa, 3-min, 6-min, 16784, 16805, 16766. 1005 St per 5 Lines, 1984, 16706,

SERVICES

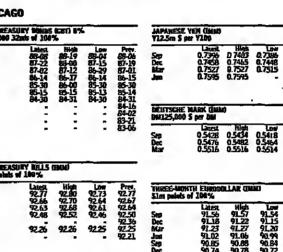
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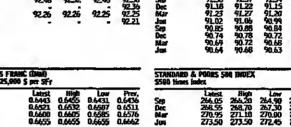
ORK			Treasury	Aills and	Bonds	
ne) ate intervention	91 <u>-10</u>	Dee month Two menth Dave month Dave year Two year		7.14 Four 7.47 Flory 7.78 Sees	year	0.72 8.67
1.6	Overaight ·	Ove Month	Two Months	Three Months	Six Months	Louiseri Intervention
	4.65-4.75 7-8-76 1-14 5.18-5.31 3.60375 10-10% 7-20 7'-7'-	475-485 78-78 34-544 428125 11-115 71-71	4.80-4.90 78-78	48558 84535 41355 11777	5.25-5.40 814-61 ₈ 814-81 ₂	5.00 6.75

Sept_6	Oversight	7 days Rotice	One Month	Three Months	Six Months	One Your
Offer Bid De. Bid De. Bid De. Bid Bills (Bay) S Control Bills (Bay) S Control Bills (Bay) S Control Bills (Bay) S Control Bid Bid Ben Offer ed Den Bid Den Bid Bid Den Bid Bid Bid Den Bid	1 ·- I	104 104 105	11111111111111111111111111111111111111	12.12.12.12.12.12.12.12.12.12.12.12.12.1	12121212 1212 1212 1212 1212 1212 1212	124 12 111 12 125 125 125 125 125 8.90-8.85

Estimated volume total, Calls 841 Pots 70 Previous day's open int. Calls 5063 Pots 2408

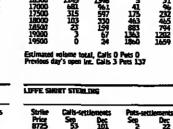
LIFFE ESHOCOLLAR OPTIONS Sine points of 198%

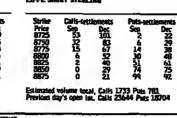


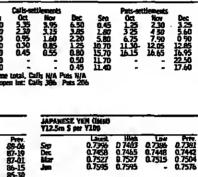


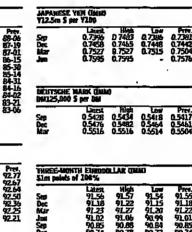
December short sterling on Liffe to a peak of 88.18, from an opening level of 88.00. It fell back to close at 88.04, com-US Treasury bond futures also weakened towards the close in London, as a rally in Chicago petered out. The market failed to hang on to its gains, on lack of fresh eco-nomic data and the absence of news to support last Friday's weaker than expected US

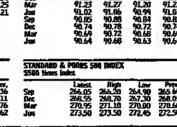
December Long gilt futures showed a similar performance, rising to 94-12, but falling back employment data for August,











100 50 185 185 97 400 168 168 168 168 31 85 3 0.50 0.60 2.30 6.80 10 8 20 3.70 2.20 1.70 1.40 5.20 A 6.50 6.50 4.20 10 0.60 1.20 11 4.30 0.90 55 51 5 2 40 2 40 7.50

EUROPEAN OPTIONS EXCHANGE

Nov. 88 Feb. 89 May 89 Vel Last Vel Last Vol Last

8-8id C-Call

BASE LENDING RATES

Adam & Company _____ AAB - Alfied Arab Bk ___ Allied Irish Bank ____ leedale Rank Chydesdale Bank Comm. Bk. N. East . ANZ Banking Group ____ Dancan Lawrie

Equatorial Bank plc

Exeter Trust Ltd

Financial & Gen. Bank plc nco de Bilhao First Rational Bank Pic.

Robert Fleming & Co.

Robert Fraser & Ptrus.

Girobank

Gulaness Mahon

HFC Bank pic. Rank Constit & Comm... Barclays Bank Benchmark Bank PLC. Berliner Bank AG Brit Bk of Mkd East

Bill Samuel
C. Hoare & Co.
Hongkong & Shangh
Leopold Joseph & Sons
Lloyds Bank
Meghraj Bank Ltd
McDonnell Douglas Bak
Midland Bank
Mount Bank Gorp.
Nat Bk, of Kowait

Norwich Get. Trust PRIVAThanken Limited PRIVAThanken Limited ...
Provincial Bank PLC ...
R. Raphisel & Sons
Rozburghe G'rantee
Royal Bird Scotland
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Standard Chartered
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O Members of British Merchan Members of British Merchant Banking & Securilles Houses Association. 9 7 day deposits 438% Sarevice 7.16%. Top Tier-£10,000-instant access 9.0% & Murtgage base rate, 5 Demand deposit 7%, Mortgage 11.375% - 11.75%

MONEY MAKE

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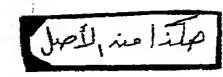
FT UNIT TRUST INFORMATION SERVICE

	FT UNIT TRUST IN	FORMATION SERVICE	
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UNIT TRUSTS Laft Case. Bid Offer or Visit Int Recovery Sec. 3 20.2 20.3 31.32 1.365. Charge Price Price Price Price Price Arthury Wieler Unit Tax Miguat Led (1906)	Cear & General 54 22 1 23 23 24 25 25 25 25 25 25 25 25 25 25 25 25 25	7. 70 See 442, 72.5 Marriet Hill, 525 C. 1427-233 (1040) H. Peristan Park, Baster SCS 105 105-222573 C. 147 105 105 105 105 105 105 105 105 105 105	hell Growth
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24 Disapproves of some things (7) 25 Lor! Procure a what-d've-	Bath Read, Coffeebary G 137/G 0042 271311 Royal Exchange, London ECSY N.S. 01.488 00 U.K. Bacheroni Inc 9 77/22 79.07 83.89 44.41 2.90 Grit & Francis 7	The time shown alongoide the fund manager's same is the time at which the unit treats' daily dealing prices are normally set acless another time is indicated by the symbol alongoide the individual unit trust name. The symbols are as follows: \$\phi\$ = 0001 to 1100 hours; \$\phi\$ = 1401 to 1700 hours; \$\phi\$ = 1401 to 1700 hours; \$\phi\$ = 1701 to midulght.	Part
call-it (6) 26 Successor has brought in iron cow (6) DOWN 1 Trunk with roots (5) 2 Bristle king found in the chutney (7) STRIIKER DORSET	UK High for inc	The letter H denotes that prices are set on a historic basis. This preems that, unless there has been an intervening portfolio resolution, investors can normally key and sell units today at the prices appearing in the newspaper which have been set, on the basis of yesterday's asset value. FORWARD PRECINC. The letter F denotes that prices are set on a forward basis so that investors can be eigen no that	pai Life Fd March List (1900) For 34, Friendscroup F72 OUE, Price Class (1900) For 35, Friendscroup F72 OUE, Price Class (1900) Fried F73 OUE, Price Class (1900) Fried F73 OUE, Price Class (1900) Fried F73 OUE, Price Class (1900) F73 OUE, Price Class (1900) F74 OUE, Price Class (1900) F75 OUE,
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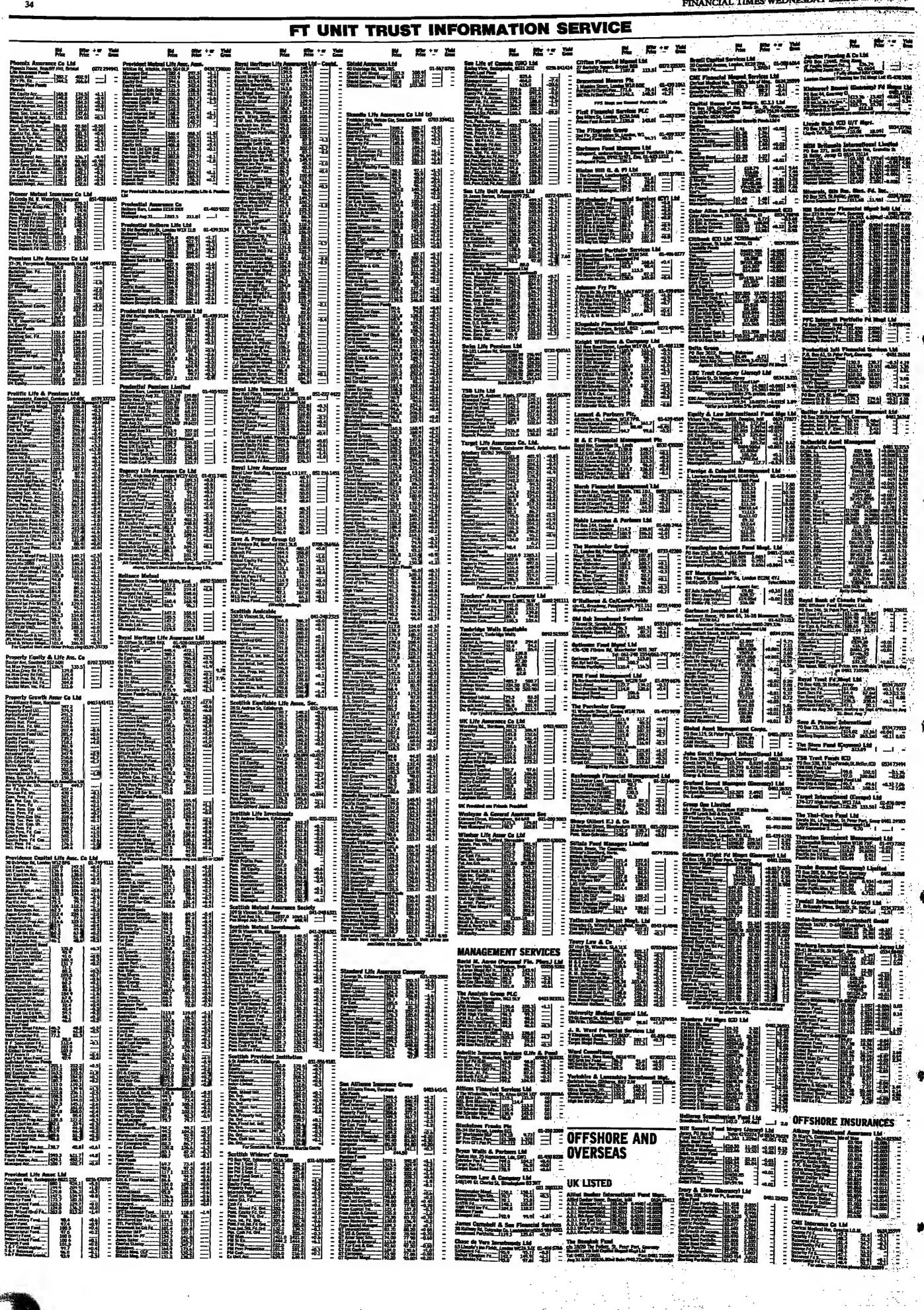
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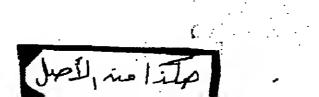
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Annual Control Post Science



FT UNIT TRUST INFORMATION SERVICE | State | Stat | Inst. Conc. | State Combined Insurance Price Price | Combined Insurance | Combined Insurance | Combined Insurance | Combined | Com Chieve Chieve 400000 B 123 9 117 9 207 0 514 8 732 9 126 9 126 9 112 0 112 0 112 0 112 0 112 0 112 0 94417 | B | 10000 Final Interest | 196.4 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 197.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20.5 | 20 £ £\$\$£\$\$±£ \$ \$5 \$5565 1415 01-660 5225 524.7 242.4 263.9 189.7 227.9 147.5 406.1 287.8 228.9 101.9 303.1 142.8 144.8 Lundan & Manchester Cap Lundan & Manchester Cap Whatade Pa, Enter CG 105 Property Fel Li Lister Library Fel Li Li Lister Library Fel Li Lister Library Fel Li Lister Library Fe 94 0 100 5 94 7 120 7 120 7 120 7 91 9 144 5 119 6 119 4 | Income & Sec Life | 100.8 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | -1.1 | 100 -1.1 He's Markaged F4 3... 98.7 104.9 He's Markaged F4 3... 98.7 104.9 He's Markaged F4 3... 98.7 104.9 He's Markaged F4 3... 98.8 104.7 BY 3 to Long May 14... 98.9 104.7 BY 3 to Long May 14... 98.9 104.7 Frequent R Trickert Life List of London Band, Classesser, CL1 91.E. Life Panula - Answer F4 1... 328.7 20.1. 8 - Bandy F4 1... 328.7 20.1. 8 - Bandy F4 1... 328.7 20.1. 8 - Bandy F4 1... 328.7 20.1. 8 - Hand F4 1... 328.7 30.1 8 - Hand F4 1... 3102.0 3102.0 27 क्रिस्ता शह UK Unit Trest Managers Ltd (1400)N Worthing Read, Horstom, RH12 ISt. 9403 40033 Britesh Growth 115-15-54, 150-15-15-59-16-59, 211 Totalical Restyle 115-15-15-15-15-7-32-7-4-16-912 11 125-50 279-30 40.00 | 17.8 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5 | 1.5





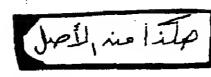
1 3

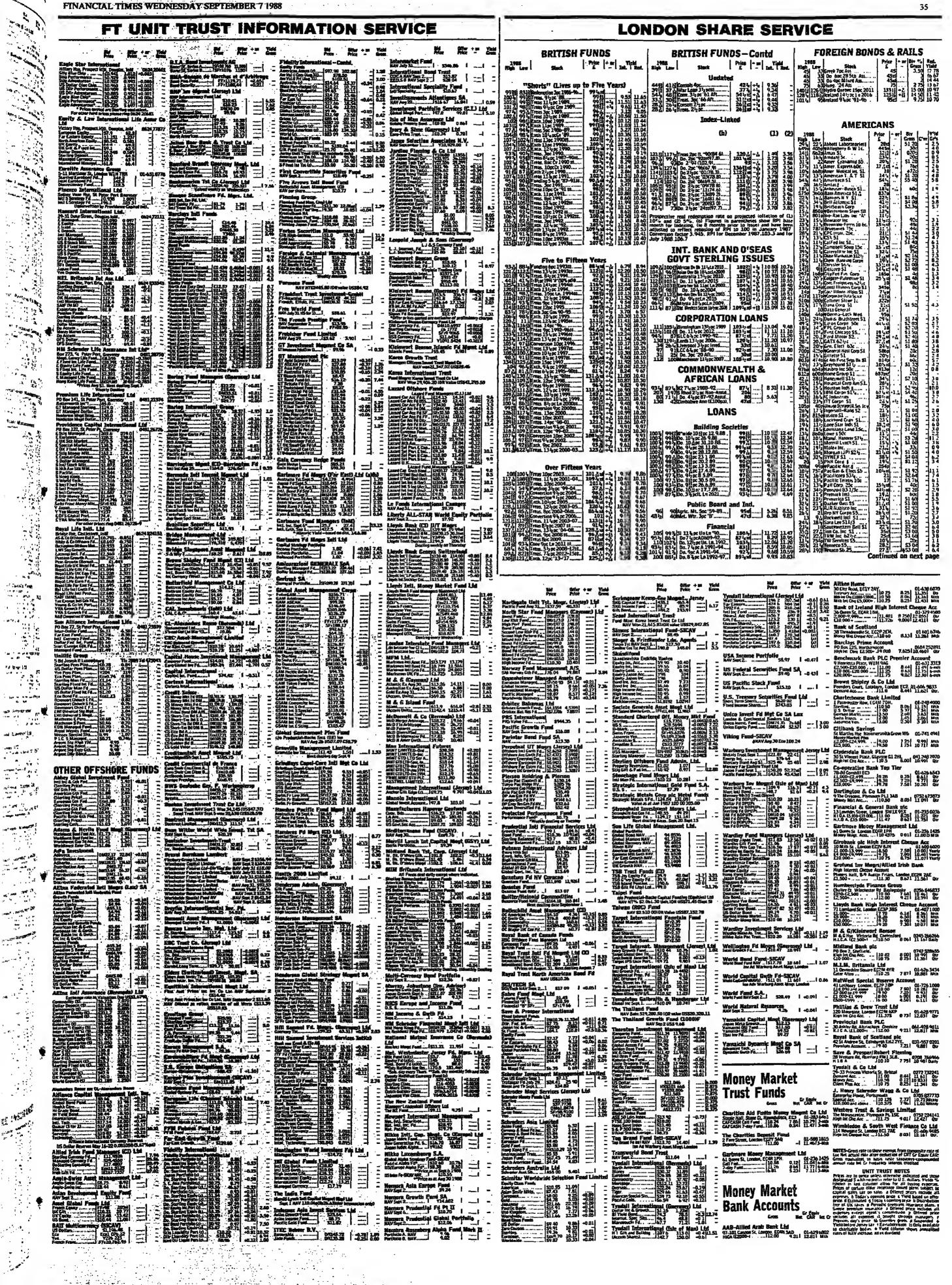
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THE MANAGEMENT

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FINANCIAL TIMES WEDNESDAY SEPTEMBER 7 1988 LONDON SHARE SERVICE INDUSTRIALS (Miscel.) - Contd INDUSTRIALS (Miscel.) **ENGINEERING** - Contd BUILDING, TIMBER, ROADS **ELECTRICALS** AMERICANS—Contd + er Br Gress 72c - 51.00 51.84 5 51.20 51.20 51.20 51.20 51.20 51.20 51.20 Contd | The Steek

141 Ibstock Johnson

141 Ibstock Johnson

152 Winted Araco Che...

105 Jackson Grops Jop. y

86 to Jarvis (J.) 5p...

71 Wennings AS.50

98k Johnst to Pts. Jop. y

1100 Largo Cop. F100...

270 Laing (John)

182 Scollarian (J.) 61

38 to Livito Pf. J.

38 to Livito Pf. J.

38 to Livito Pf. J.

38 Julitey IF. J. C. 12 to p

98 Johns & Chydeside y

211 Lovel (Y. J.)

39 John & Chydeside y

19 Magnet, School & H. y

19 Magnet, School & H. y

19 Magnet, School & J.

28 Marrier, Magnet, Marrier, Magnet, Marrier, Magnet, Magnet, Magnet, Marrier, Magnet, Ma **CANADIANS** The films (2) 100. Yet a films 173pABM Gold Corp J..... 11ppAbbot Energy Corp... 990ppAmer. Barrick Res... 31ppAmerican Lightwave... 5pWArmero...... 5pAngmitto Expin...... 5g Bir. Montreal J...... 5p8k. Nova Scot. J..... 15 Busines 206
16 Server 206
17 Busines 206
18 Server 206 profile of the second of the s 5 Seagram) Aprisonor a Gold Corpy... Borspiral Eng... 50 Tarn Pure (ech, Corp.) 4 Toronto-Dom. 8k. j... 4 Toronto-Dom. 8k. j... 4 Toronto-Dom. 8k. j... 6.15 3.4 2.8 13.8 95.5 4.7 3.4 8.3 6.5 3.1 3.5 11. 4.2 4.2 2.4 12.5 10.0 6.8 1.6 12.4 6.79 3.3 3.7 10.2 BANKS, HP & LEASING FOOD, GROCERIES, ETC

144|ASDA Group. | 1471 | +2 | 4,114,31 | 3,7 | 11,7 |
362|Azatos & Boat's 500 | y | 364 | +5 | 36,3 | 2,9 | 31 | 14,7 |
362|Azatos & Boat's 500 | y | 364 | +5 | 36,3 | 2,9 | 31 | 14,7 |
362|Azatos & Boat's 500 | y | 364 | +5 | 36,3 | 2,9 | 31 | 14,7 |
362|Azatos & Boat's 500 | y | 364 | +5 | 36,3 | 2,9 | 31 | 14,7 |
123|Aspatrophysics | 160 | y | 160 | y | 160 | y | 17,7 | 1,7 | 1,7 | 1,7 |
124|Azatos & Boat's 500 | y | 17,1 | x | 1,7 | 1,7 | 1,7 |
125|Aspatrophysics | y | 1,7 | x | 1,7 | 1,7 | 1,7 |
125|Aspatrophysics | y | 1,7 | x | 1,7 | 1,7 | 1,7 |
125|Aspatrophysics | y | 1,7 | x | 1,7 | 1,7 | 1,7 |
125|Aspatrophysics | y | 1,7 | x | 1,7 | 1,7 | 1,7 |
125|Aspatrophysics | y | 1,7 | x | 1,7 | 1,7 | 1,7 |
125|Aspatrophysics | y | 1,7 | x | 1,7 | 1,7 | 1,7 |
125|Aspatrophysics | y | 1,7 | x | 1,7 | 1,7 |
125|Aspatrophysics | y | 1,7 | x | 1,7 | 1,7 |
125|Aspatrophysics | y | 1,7 | x | 1,7 | 1,7 |
126|Aspatrophysics | y | 1,7 | x | 1,7 |
127|Aspatrophysics | y | 1,7 | x | 1,7 |
128|Aspatrophysics | y | 1,7 | x | 1,7 |
128|Aspatrophysics | y | 1,7 | x | 1,7 |
129|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|Aspatrophysics | y | 1,7 | x | 1,7 |
120|A FOOD, GROCERIES, ETC | The state of the THE THE PROPERTY OF THE PROPER 106 APV 100 states with the states of the st



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FT-ACTUARIES SHARE INDICES

	EQUITY GROUPS	1	Tuesda;	y Sept	ember	6 198	8	Mon Sep 5	Fri Sep 2	The Sep 1	Yes ag Capps
Fl	& SUB-SECTIONS gures in parentheses show number of stocks per section	Index No.	Day's Change	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	index No.	Index No.	Index No.	Inde No
1	CAPITAL G000S (210)	769.94	+1.1	10.51	4.18	11.89	17.69	761.92	752.18	745.28	964
Ž	Suilding Materials (29)	968.38	+1.1	11.81	4.41	18.39	21.96	957.49	958.19	942.05	123,
3	Contraction Construction (37)	7557 78	+2.8	10.77	3.46	12.11	29.81	1514.41	1492.88	1478.49	173
4	Electricals (12)	2109.78	+1.2	8.88	4.76	13.86	53.78	2084.69			
5	Electronics (30)	1675.29	+0.8	10.39	3.66	12.41	40.42	1662.39	1637.99	1624.51	262
6	Mechanical Engineering (58)	406.20	+0.7	10.03	4.29	12.34	9.39	403.54	398.39		52
8	Metals and Metal Forming (7)	462.85	+8.4	1074	4.10	12.14	7.95	460.89	452.74	444.19	577
9	Motors (14)	268.00	+0.8	12.14	4.91	9.58	7.86	265.28	263.29		384
0	Other Industrial Materials (23),	1268.58 1938.59	+0.5	9.33	4.55	12.82	38.64	1250.90	1230.83		
12			+8.2	9.55 10.82	3.83 3.78	13.23 11.65	19.52 29.86		1027.26 1045.39		
É	Brewers and Distillers (21)	020 87	-0.1	9.42	4.96	13.55	17.99	938.58	923.15		
7	Food Manufacturing (21)Food Retailing (16)	727.07	+0.4	9.15	3.52	14.43	38.49	1894.23	1879.54		
7	Health and Household (12)	1803.12	+0.3	6.91	2.72	16.81	28.01		1781.09	1764.95	
o	Leisure (30)	1298.89	+0.7	9.50	3.93	13.51		1288.71			
и	[Packaging & Paper (17)	511.38	+1.1	9.79	4.06	13.08	10.47	505.70	495.63	486.34	686
2	Publishing & Printing (18)	13339.48	+8.2	8.77	4.57	14.23	73.53		3312.39		4696
4	5tores (34)	737.95	-0.2	11.25	4.49	11.69	15.59	739.15	733.24	729.13	1084
5	Textlies (16)	555.48	+8.3	12.44	4.91	9.43	12.69	553.87	545.37	537.89	847
Ю	OTHER GROUPS (93)	871.50	+0.1	11.44	4.53	10.68	20.21	870.89	861.50		1134
7	Agencies (19)	2020 24	-0.2	8.65 12.41	2.64 4.93	14.61 9.67	18.11 35.79	1056.80	1042.67 1923.48		
2	Conglomerates (13)	1107.51	72	10.74	4.55	10.74	24.52		1172.93		
5	Shipping and Transport (12)	7868 78	+9.1	11.67	4.83	11.32	35.65	1858.09	1840.52		225
7	Telephone Networks (2)	927.62	+9.6	11.98	4.80	10.83	20.38	921.81	918.76	904.43	1884
	Miscellaneous (26)	1192.91	-	11.47	4.34	9.96	24.75	1193.56	1183.12		1664
	INOUSTRIAL GROUP (488)	935.77	+0.4	10.33	4.11	12.94	19.77	931.91	922.36	915.06	1189
		1734.24	-9.4	10.88	6.23	11.80	64.62	1742.44	1722-20	1695.91	2217
9	500 SHARE INDEX (500)	1003.69	+8.3	10.48	4.41	12.91	23.54	1060.63	990.18	981_32	1276
	FINANCIAL GROUP (122)		10.4	-	5.22	!	21.06	668.73	663.60	657.71	821
	Banks (8)	641.51	+0.7	22.31	6.80	6.01	30.77	637.32	634.21	638.57	826
	Insurance (Life) (8)			-	5.02	- 1		1086.69	988,42	977.63	
잌	Insurance (Composite) (7)	523.76	+0.1	10.04	5.96 6.65	12.87	18.42 12.03	523.A2	521.38 935.63	514.76 921.33	629
4	Insurance (Brokers) (7) Merchant Banks (11)	707.07	+8.4	18:64	4.38	12.07	7.69	957.73 325.99	329.59	328.57	489
낆		1172.13	+0.7	5.65	2.78	22.66	16.98	1164.54	1153.30	1139.86	1285
	Other Financial (30)		+0.5	10.84	5.44	11.60	19.24	355.93	354.53	353.89	563
1	Investment Trusts (78)	896.86	+8.9	-	3.14	- 1	14.93	888.87	889.39	873.89	1132
ıl	Mining Finance (2)	585.26	-1.3	7.48	3.72	11.93	8.12	511.95	510.69	508.51	671
1	Overseas Traders (8)	1149.72	+0.4	10.00	4.86	11.75	_35.31	1145.33	1141.38	1126,79	1214
	ALL-SHARE INDEX (710)	918.62	+9.3		4.49		22.40	915.69	906.74	894.42	1161
٦		index	Day's	Day's	Day's	Sep	Sep	Sep	Ang	Aug	Yes
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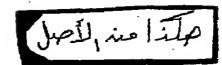


ONFERENCES 1988/89	☐ 30 Mar-2 Apr 1989 2nd ASEAN Congress on Psychiatry	□ 7-10 Jun 1989
2–14 Dec 1988 nd International conference on Geomechanics in ropical Soils	and Mental Health 6th ASEAN Forum for Child and Adolescent Psychiatry	AsiaPack 89 — The World Packaging Exhibition AsiaPlas 89 AsiaPrint 89
4-18 Jan 1989 Hernational Order of Golden Rule	 6-9 Apr 1989 4th ASEAN Otorhinolaryngological Head and Neck Congress 	22-25 Jun 1989 Optics Asia 89
leeting 4-19 Jan 1989	☐ 17-20 April 1989 Pacific Asia Travel Association	☐ 7-12 Aug 1989 International Sport Exhibition
SEAN Tourism Forum (ATF 89)	(PATA) Annual Conference	☐ 7-10 Sept 1989 COMTEC 89
3–27 Jan 1989	EXHIBITIONS 1988/1989	To: Singapore Convention Bureau
oeary international Council on egislation Meeting	☐ 8-11 Dec 1988 Singapore Informatics 88	Singapore Tourist Promotion Board, 1st Floor, Carrington House
0–25 Feb 1989 sia Telecom 89 Forum and xhibition	☐ 23-26 May 1989 ChemAsia 89 — The 6th Asian International	126-130 Regent Street, London W1R 5FE, United Kingdom. Please send me: more information about Conferences &
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0-31 Mar 1989 ingaPort 89	6-9 Jun 1989 Benque Asia 89	Address:

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LONDON STOCK EXCHANGE

Markets close well below best levels

Leading shares and government bonds looked like extending their recent strong recovery movement at one stage yesterday before running into a flurry of profit-taking. At the close Gilts were left with only minor gains on bal-ance while earlier strong rises in leading blue-chips were sharply reduced.

Once again the Gilt edged market was responsible for leading equities higher. Another firm showing by ster-ling - which rose nearly two cents against the dollar - and a gradual reduction in the key three months interbank rate to 12% prompted a fol-low-through of demand for

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bonds. Optimists were also looking forward to another strong showing by the US Treasury Bond market which triggered the sharp recovery on Wall Street last Friday. Buying interest was suffi-cient to lift long—dated issues % at the best of the day, but support subsequently faded

away as sterling stuck and the US long-bond failed to build on its recent good perfor-mance. By the close rises in high-coupon longs had been reduced to as little as %. The shorts were left virtually unchanged on the day.

Dealers were quick to point out that business in gifts yesterday was mostly between marketmakers: "There was very little interest from institutions, it was all rather disap-pointing, said one trader.

register a gain of only 2.4 in mid-afternoon before steadying again and ending the session a net 3.5 higher at 1768.0. Equities tracked the bond market and sterling, and there was plenty of action around Over the past three trading the various sectors which con-tinued to respond to trading days the index has railled 27.5. Activity in equity sectors was again at relatively low levnews and actual or rumoured

which, including marketmaker and customer business came out at 326.7m shares, compared with Monday's 284.8m.

Building issues remained in tic influences came into play with London initially happy over the performance of Wall Street which was up some eights points on the Dow Jones the spotlight with Taylor Woodrow among the day's best features amid continuing spec-ulation that the near-10 per cent stake built up by P & O could be used as a springboard for a full bid for the company. Late news of a counter to Raine Industries' bid for Ruberoid also kept interest in the sector at a high level. Today, meanwhile brings interim fig-ures from building industry leaders Blue Circle, George Wimpey and Costain Group.

quietly traded. Sedgwick

closed unchanged on 234p after reporting a 25 per cent drop in

half-year profits to £61.9m. The figures were at the top end of

market expectations, but one analyst regards Sedgwick as

weak on fundamentals in the

Banks moved in line with

able. Standard Chartered rose

8 to 493p in the morning before

some late profit taking pegged the shares back to 488p, only 3

up on the day. Morgan Gren-

fell remained nervous ahead of

Investments suffered a sharp

reaction of 27 to 279p as the

market digested news of three acquisitions to be funded by a

rights issue of around £42.3m

net. Part of the cash will be used on the Cameron House

Leisure project, while the issue will also provide funds to meet

the cost of further acquisitions currently under discussion.

of 7% to 181p as County Nat-West WoodMac (CNWM) rec-

compared with 236.3m.

T&N came to life with a gain

FINANCIAL TIMES STOCK INDICES Since Compilation Low High Low 86.58 86,48 86,54 85.86 49.18 (3/1/75) 99.67 94.14 105.4 50.53 (28/11/47) (3/1/75) Ordinary 1514.7 1926.2 48.4 (16/7/87) (26/6/40) 1349 0 (8/2) Gold Mines 312.5 (7/11 193.1 194.1 454.2 184 1 734.7 (15/2/83) (26/10/71) Ord. Di. Yield
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Shares Traded (mi)t 4.83 12.20 9.97 S.E. ACTIVITY 10.12 18,657 **887** 10.00 95.5 177.2 Equity Bargains Equity Value 2033.3 5-Day average Gilt Edged Bargains Equity Bargains Copening 610 am. 611 am. 612 pm. 61 pm. 14300 14314 14325 14332 1657 B DAY'S HIGH 1433.2 OAY'S LOW 1422.7 Basia 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/8/55, SE Activity 1974, ☆ Nil 10.03 ↑ Excluding Intra-market

Bid battle looms at Ruberoid

THE BUILDING products group, Rnberoid, was at the centre of new speculation when a flurry of demand erupted above 254p, the level of Raine Industries' unwelcome cash offer. The latter was ini-tially believed to be picking up, further shares of Ruberoid at 2549, but hefty buying at 2569 and upwards to 2609 alerted the market to the possibility of a counter offer. The Ruberoid share price closed 8 higher at

260p in a volume of some 3.7m.
Talk immediately want round of another predator will-ing to take on the role of a white knight. The second theory was that Raine may have decided to increase its offer. although most dealers took a sceptical view on any such move. Much later in the day, Rnberoid announced it had received an approach from another party which may lead to a higher offer. At last Monday's count, Raine held approximately 17 per cent of the ordi-nary share capital of Ruberoid.

GEC speculation

GEC were among the best performers in the top-line electronics with the shares moving up a further 3 to 158p on turnover of 25m.

Dealers reported persistent support for the stock in front of the annual meeting scheduled for Friday, and re-iterated market stories that a major announcement could be forthcoming regarding the proposed buy-in of up to 14.9 per cent of the company's shares, perhaps via a tender offer to existing shareholders at a price of up to

In addition the stock was: boosted by a "buy" recommen-dation from Flemings, the securities house. In its latest. Electronics Digest, Flemings highlight the attractions of

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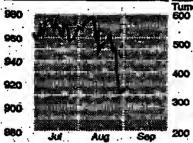
GEC "over British Telecom". Flemings say: "While there is not much doubt that BT's long term earnings per share prospects are better than those of GEC there are a series of factors favouring the latter short term". Among these, say Flemings, are dividend growth, likely corporate activity, dollar strength and rising interest rates. Although Flemings has a buy" recommendation on BT they "expect significantly bet-ter performance from from GEC in the near term".

Glaxo booster

Further buying interest was shown in Glazo which closed 7 higher at 977p, after 981p, for a two-day rise of 21. Volume at

FT-A All-Share Index

940



I.Sm shares was again relatively brisk, activity partly aroused by hopes about the potential for the group's migraine drug.

The drug currently known as GR43175-was the subject of a positive presentation to the Migraine Trust International Symposium earlier in the week. In a recent buy recommendation for Glaxo, Hoare Govett, the securities house, suggest that GR43175 has the potential to become a major pharmaceutical and could prove an important factor in enabling group earnings to sustain or even accelerale growth in the early 1990's.

-Glaxo's share price has underperformed for a long while and analysts are now starting to point out the group's defensive merits. Fears about a slowdown in Zantac sales growth, one of the markets main reasons for concern; appear to have been cast aside for the moment. Hoare Govett belieive that Glaxo's preliminary figures, due on September 13, are unlikely to disappoint.

Barker setback

PR and advertising group Charles Barker dropped sharply in morning trading on confirmation that its bld talks. with WPP have been terminated. Although a late rally helped to repair some of the damage, Backer closed 21.

The failure of the negotiations - WPP were said to have offered 175p a share (valuing Barker at £43m) — is being put down to difficulties over the buy-back of Norman Broadbent International (NBI), Barker's executive recruitment arm. ever, Backer is still known to be up for sale, and Mr Chris Akers, analyst at Citicorp Scrimgeour Vickers, believes

400

Equity Shares Traded

either Saatchi & Saatchi, or PR group Shandwick, could be the next to declare an interest in

Barker.

The Scrimgeour analyst thinks that Mr David Norman, chairman of Barker, would ide-ally like to agree a bid which allows him to retain the execu-tive recruitment side of the business. Shandwick are likely bidders, says Mr Akers, because it is known to be looking to develop its PR activities, while the Saatchis are always looking for new acquisitions.

A presentation to analysts yesterday of BP Gold, 15 per cent of which is to be floated off, supported the current bullish stance on British Petro-leum stock. Both the "old" and . partly-paid sharee traded heavily but were unable to make lasting headway after respective turnover of 5.4m and 6.0m shares. British Gas also changed hands freely (vol-ume totalled 4.6m) at prices around the overnight level. Elsewhere the sector dragged its heals as crude prices continned to sag on reports of increased Gulf production.

Fund managers began showing interest in Guinness, which can reactivate its share buyback programme as soon as the interim results are reported on Thursday week. This should provide valuable support in current market conditions, say County NatWest WoodMac, ably to 1.6m shares yesterday compared with only 718,000 on

Kleinwort Grieveson also rates the stock a buy. Sector researcher, John Spicer, is looking for a near-230m jump in first-half profits to £180m. This compares with the £161m achieved last time which will he restated to reflect year-end exchange rates. Guinness

NEW HIGHS AND LOWS FOR 1988

shares gained 3 to 317p.

Advice from the County Nat-West WoodMac to switch from Whithread, a loser from higher interest rates, to Bass helped the latter rise to 750p, after 755p. The research team there s tapered its 1989 forecast for Whithread, reducing annual profits by £10m to £212m largely because of the largely because of the increased cost of servicing

£800m of floating rate debt.

Whitbread "A" shares closed at

takeover activity.

The FT-SE 100-share

index, having opened with a 2.5 improvement, quickly moved up to post a 12.6 rise just after

midday. Thereafter transatlan-

Average et one point.
The FT-SE turned off to

In a generally weak Stores sector, European Home Prodncts - manufacturers of Singer sewing machines shone with a rise of 7 to 321p after revealing interim profits of £12.49m. Mr Nick Bubb, senior stores analyst at Morgan Stanley, has marked EHP down as one of his top "1992 stocks", given its electrical retailing interests in Spain. Portugal and Italy. "EHP has a good hands-on management team with a lot of experience

of operating in Europe," says Bubb.

A rush of late selling brought Burton down 4 to 192p after a large trade of 1m shares went through the system at 192p. BZW were said to have sold the stake-on behalf of an institutional investor. Ward White remained a good market ahead of next week's figures, rising 5 to 260p. Some late buy-ing of Woolworth on Monday evening spilled over into yes-terday, Woolworth's interims are also due next week — Morgan Stanley is forecasting £35m for the stores group — and by the close the shares were 3 bet-

Taylor Woodrow continued in the spotlight as further comment on P&O's 9.9 per cent stake in the group prompted fresh speculation about the sibility of an outright bid Although not particularly active, (volume amounted to some 1.5m) demand found the market none too well supplied with stock and the Taylor MOOGLO responded smartly with a gain of 37% at 625p.

With the interim dividend season well underway, other Bullding issues recorded some good gains, but here too the amount of trade left much to be desired. Blue Circle, scheduled to reveal half-year results today, closed 8 to the good at 436p; alnalysts' forecasts range from £75m to £87m. Costain. 236p, and Wimpey, 245p, also on today's list, rose 7 and 9 respectively. Bumper interim figures left Wilson Connolly 10 to the good at 170p.

Composite insurances went with the market, as Sun Alli-ance improved 3 to 945p in good volume of 703,000 ahead of today's interim figures. Analysts at BZW are predicting \$156m for the half-year, compared to £104.4m at the same

Insurance brokers were also

TRADING VOLUME IN MAJOR STOCKS



market amoug quiet Food stocks as dealers anticipate good interim figures today. Most forecasts range around the £60m-merk, and by the close Hillsdown were 4 to the good at 273p. Booker gained a penny to 377p after reporting interim profits of £29.1m — in line with most market predic-tions - while in the hotels Ladbroke hardened 9 to 444p on volume of 3.6m shares after a presentation with Warburgs. Television shares found

ommended purchases. CNWM says that T&N is moving ahead in leaps and bounds. It is reducing costs, rationalising and restructuring its business and improving margins. The asbestos issue it suggests has increased support ahead of Tyne Tees half-year results. been exaggerated and pre-These are due on Thursday vented these changes from being reflected in the share and mark the the opening of the season for the sector. Type price. T&N is scheduled to Tees shares, a resolute performer for several weeks, gained 3 more to 312p while LWT rose 4 to 145p and Scotreveal interim figures today and CNWM is looking for pretax profits of around £45m Hillsdown were a strong

Leisures also returned to favour, particularly the stocks pounded beavily over past few weeks, Brent Walker bounced 13 to 370p with the market hoping for chief executive, Mr George Walker, to counter recent adverse press reports when the annual results are unveiled on Friday week. War-hurg Securities estimates sharply increased profits of £28.5m

LandLeisure recovered fur-

ther, closing 8 higher at 356p, while Capital Radio adaynced 14 to 324p. Reflecting success of the rights issue, which received a 91.5 per cent acceptance, Pleasurama moved up 2

to 204p.

Lucas Industries continued to lead the way in the Motor sections, rallying to 532p, but Western Motor was not far behind and added 13 more at 601p, extending the rise over the past three sessions to 57. The opening of the Harro-gate annual Carpet Fair coincided with a surge in the share

price of Hugh Mackay which ended 15 higher at 320p. Other carpet manufacturers were less fortunate, however, and most closed a shade easier. Dealers reported an average day's business in the Traded Options market. Total con-

tracts amounted to 28,105. British Petroleum were briskly traded with 2,641 calls unmatched, while GEC were also outstanding, with 2,292 calls and 617 puts. Other market statistics.

including FT-Actuaries Share Index and London Traded Options, Page 38

All these Notes have been sold. This announcement appears as a matter of record only

Caisse Nationale des Télécommunications

ECU 150.000.000

7% per cent. Notes due 1993 Issue Price: 101 's per cent.

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June 1988

APPOINTMENTS

Reorganisation of RHM chocolate interests

McDOUGALL has made senior appointments in its newly-merged bulk chocolate interests, S & A LESME. Mr David Atwell is managing director and Mr Colin Watts deputy managing director of the combined operation. Mr Atwell will be responsible for RHM's centralised bulk chocolate manafucturing business, which integrates the operations of Stewart & Arnold Carton,

RHM'e original chocolate business, with LESME, a subsidiary of RHM-acquired Avana Group. He was forme managing director of LESME and a director of Avana. Mr Watts, who has been responsible for the combined technical and sales resource

of RHM's bulk chocolate interest since 1988, was managing director of Stewart & Arnold Caxton. He will remain responsible for the management of this company's sites at Wood Green in North London and High Wycombe, through to full integration of manufacturing operations at Banbury, where the S.& A. LESME chocolate factory is

FELTRIM UNDERWRITING AGENCIES has appointed Mr Robert Gofton-Salmond underwriter of Lloyd's non-marine Syndicate 847. previously underwritten by



Mr David Atwell, managing director of S & A LESME.

Mr Patrick Fagan. Mr William Adamson, previously with Factory Mutual International, is appointed deputy underwriter. Mr Nicolas Malim, previously with Highlands Insurance Co (UK), has been made deputy underwriter of Lloyd's marine Syndicate 540 and Lloyd's ... non-marine Syndicate 542, of which Mr Fagan is the underwriter.

ROYAL TRUST ASSET MANAGEMENT has appointed Mr Mike Gordon to the main board. He was group marketing director of NEL Britannia and managing

. 6

director of its UK unit linked subsidiary. m Mr John Robins has been

appointed as director of finance and administration at the BRITISH INSTITUTE OF MANAGEMENT. He was an executive with Marks &

CARROLL AIRCRAFT CORPORATION has appointed Mr Joe O'Neill as managing director, and Mr Leonard Rayment as deputy managing director and finance director. MOSS, MILLS &

PARTNERS, underwriting agents at Lloyd's, has appointed Mr James M. Petherston as an associate partner. .

The MILLER GROUP has appointed Mr Joe M. Barber to the board as a non-executive director. He was chief executive of F.J.C. Lilley and prior to that a director of Christian Salvesen. It is the first time that a non-executive non-family director has joined the board.

■ HAGGLOF & PONSBACH GOTA SECURITIES, a member of the Gota Group, has appointed Mr David Ramage as head of equity trading and sales. He was head of the securities department at Union Bank of Finland, London

m Ms Sheila McLaughlin has been appointed a director of WARDLEY UNIT TRUST

branch.



chairman of Austin Rover, Landrover, Unipart Group and Jaguar Car Holdings, has be appointed chairman of SMAC GROUP, the South East England motor dealers.

MANAGERS. Wardley is the UK fund management arm of the HongKong and Shanghai Banking Corporation.

■ S.JENKINS & SON has appointed Mr Paul Heath, Mr John Findlater, Mr Jeremy Rolls, Mr Bill Lowe and Mr James Bunce as directors.

 AUSTRALIA AND NEW ZEALAND BANKING GROUP has appointed Mr Denis Arstrong as general manager (financial institutions and correspondent banking) to succeed Mr Morgan Polton who retires on September 30.

COMMODITIES AND AGRICULTURE

Consumers push for early end to cocoa row

CONSUMING bers and imports from non-COCOA countries are pushing for early progress on two key issues at the crucial council meeting of the International Cocoa Organisation (ICCO) now to progress Mr Peter Baron, the con-

sumer delegates' spokesman, yesterday said that a row over the organisation's price defence mechanism and the question of arrears on levies needed "satisfying solutions" before anything further was

The troubled cocoa organisa tion has traditionally left its major problems to the very last minute. The current talks started on Monday and run for

The row between producers and consumers over the prices which the organisation is aiming to defend started last March and remains unre-solved, although it appears any resolution would be academic.

Last week a special panel of five decided by a majority of one that the prices to be defended should have been reduced automatically last March by 115 Special Drawing Rights (SDRs) to 1,370 SDRs a tonne. Since March prices have weakened considerably, and last night the ICCO indicator price stood at 1,048.33 SDRs a

Consumers are also proposing that the levy of \$30 a tonne imposed on exports by mem-

members should be suspended from October 1. By then arrears will total \$70m - the

that they are continuing to pay levies on imports from non-ICCO members — particularly from Malaysia, the world's third biggest producer — while most big ICCO producers have stopped paying their levies on

Ivory Coast alone owes about \$50m. Consumers are angry

A suspension would create problems for the organisation's buffer stock manager, who could have to sell some of his 250,000 tonne stock to finance maintenance of the rest, fur-ther adding to the glut of cocoa on world markets.

However keen consumers are to sort out the pressing problems early in the talks, producing countries are not going to be rushed. Mr Mamah Mohammed, their spokesman, said yesterday that discussion on both key issues remained

"We always want to get key issues out of the way early, but we never succeed," he said. "These issues are tied up with all sorts of other things. All we have had so far is preliminary discussions." discussions."

Meanwhile the markets are keenly watching the talks for signs of movement. Last night the second position cocoa futures contract on London Fox closed at £1 down at £821 a

Chicago grain market looks to Moscow

By Deborah Hargreaves In Chicago

Soviet Union to boost its

has replaced the weather as the main market mover over the past week, with traders expecting Moscow to step into the futures market as soon as it concludes a new grain trade accord with Washington. The current pact, which is due to run out on September 30, allocates 9m tonnes of grain for Monday's accident at a Lithnanian nuclear power plant

further convinced traders that the Soviets will be big grain huyers in coming weeks, although Tass, the Soviet news agency, said no radiation had leaked from the plant.

Speculation about wheat buying has also fuelled a rise in maize futures prices. The

CHICAGO GRAIN traders sent trade pact includes provisions wheat futures prices higher for maize and soyahean yesterday as they looked to the purchases and some futures purchases and some futures traders helieve the Soviet Uniou is poised to make a purchases of US wheat.

Prospective Soviet buying Uniou is poised to make a major foray into the maize Although the drought has

lost its obsessional grip on Chicago's commodities traders as the weather has turned cooler and rainler across the Midwest, its effects are still being felt. Some early harvests of Midwest soyabeans have turned up poorer quality size because of the lack of

Indeed, some beans have already been rejacted by Illinois grain elevators because of their small size and low oil content. This has led traders to fear that the soyabean harvest will be even smaller than the 1.47bn hushels already esti-

GAS OIL Stonne

Close

124.75 126.75 126.50 126.00 127.00

102.25 105.60 105.25 108.50 108.20 110.65 110.45

Brokers disagree on sugar deficit

By David Blackwell

THE WORLD sugar deficit for 1988-89 has been estimated at 590,000 tonnes by London trader E.D. & F. Man to its latest monthly report. This compares with a deficit of 1.8m tonnes predicted by C. Czarnikow, another London broker, last month.

While the two firms agree that total world production

will be about 107.1m tonnes, they disagree on consumption, which Czarnikow reckons will grow faster. However, Man points ont

that a 590,000-tonne deficit, equivalent to just over half a per cent of the total estimated production, "will inevitably be subject to sharp fluctuations. "These fluctuations, in a market lacking sufficient stocks to provide a comfortable cushion, are the precursors of a sharply erratic market," says

the report. . Countries with what it calls "more precarious production potential" will have a big influence on prices.

"A very good Soviet crop could alone turn the deficit into a surplus, whilst similarly a worse crop in China than that estimated would double the forecast deficit", according to the report.

WEEKLY **METALS**

All prices as supplied by Metal Bulletin (last week's prices in brackets). ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,175-2,225 (2.100-2.160).

BISMUTH: European free market, min. 99.99 per cent, \$ per lb, tonne lots to warehouse, CADMIUM: European free market, min. 99.5 per cent, \$ per lb, in warehouse, ingots

7.10-7.35 (7.30-7.50), sticks 7.10-7.35 (7.30-7.50). COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 6.95-7.20 (6.90-

market, min. 99.99 per cent. \$ per 76 lb flask, in warehouse, MOLYBDENUM: European free market, drummed molyb-dic oxide, \$ per lb Mo. in ware-house, 3.45-3.50 (same). SELENIUM: European free

MERCURY: European free

narket, min 99.5 per cent lb, in warehouse, 9.60-9.70 TUNGSTEN ORE: European free market, standard min, 65 per cent, \$ per tonne unit (10 kg) WO, cif, 51-60 (51-59). VANADIUM: European fre market, min. 98 per cent. VO. cif, 5.40-6.00 (5.10-5.60). URANIUM: Nuexco

exchange value, \$ per lb, UO, 14.75 (same).

Oil slides as analysts ponder Opec politics

Steven Butler assesses the problems posed by rising production surpluses

IL PRICES yesterday slid to their lowest levels since November 1986. October futures for West Texas Intermediate crude were off 47 cents at \$14.32 in midday trading at the New York Mercantile Exchange, which was closed on Monday. September Brent crudes closed 42.5 cents down at \$13.425. Prices approached these levels twice before this year, in March and July, only to rebound in advance of meetings called by the Organisation of Petroleum Exporting Countries. Texas Intermediate crude were

tries.
This time, however, few analysts can see why prices should move up strongly in the near term.

"I'm quite surprised the oil price is so high, not so low," said one analyst yesterday. "Fundamentals say it should collapse. The fundamentals are a

steady increase in Opec production to nearly 20m barrels a day, high stock levels, and no great spurt in demand.

The bearish view is echoed by Mr Joseph Stanislaw, of Cambridge Energy Research Associates. "Traders have been looking at the market with blinders on," he says, following the toing and froing of Opec collities and overlooking the politics and overlooking the surplus of oil on the market. Even so, while many analysts expect prices to fall to the near term, possibly by several dollars a barrel, most believe that a free fall in prices is unlikely and that a recovery is

the year, although not a recov-ery that has much staying The latest fall in prices follows reports of increased pro-duction in the Gulf and the failure of Dr Subroto, the Opec secretary general, to make any apparent progress on his recent Middle East visit toward

on the cards before the end of

Oil price sation of Economic Co-opera-

August and would be higher if made today. THE INTERNATIONAL Energy Agency yesterday reported that oil supplies outside the communist world in August touched high for the year, at 50m barrels a day.

Most of the increase was accounted for by Opec produc-tion, which the Paris-based agency put at 19m h/d. The figure is lower than most other estimates, although the IEA said that its figures were compiled in the third week in

But analysts are wary of

ignoring Opec's potential for turning on its heels and most believe that it is premature also to write off Dr Subroto's

efforts, despite his failure to draw concessions on any major

"What we are seeing is the beginning of deal-making for the November meeting," said Mr Stanislaw. "Everyone has

According to this view, which is widely shared, the scheduled November 21 meet-

ing of the 13 Opec oil ministers

is the event that all Opec members are preparing for, trying to put themselves in a position

of political advantage to get the best possible deal at the

eeting. If this is true, there was little

issues facing the cartel.

their own agenda."

Opec production was entering tanker storage and may not reach the market immediately. Neither Iran nor Iraq increased production signifi-Saudi production reaches

4.4m b/d, while Kuwait output rose to 1.3m b/d. Stocks of oil in the Organi-

possibility that Dr Subroto would have been able to score a breakthrough when he vis-ited Kuwait, Iran and Iraq last By the same token, many analysts are suspicious that

analysts are suspicious that the sudden increase in oil production by Knwait, Sandi Arabia, and particularly the United Arab Emirates may have been politically timed.

"I wonder if they are not just trying to teach the Iranians and the Iragis a lesson before they have the chance to increase production." said Mr.

increase production," said Mr Stephen Turner, of Smith New Court, the London stock bro-

The idea is the Gulf Arab producers want to put a hit of fear into Iran and Iraq to dem-

countries in 1972, Australia

wants the new boundary to follow its continental shelf, in

line with the 1958 Geneva con-

vention. Indonesia insists a median line be drawn between

Timor island and Australia's

north west coast, in accordance with the new UN law of the Sea. For Australia this would mean the loss of the so-called Kelp area, a huge dome-stiened where sec.

structure in the Gap where

reserves are estimated as much

as 5bn barrels, making it one

low oil prices. Usually, it is only the hurt caused by low prices that has forced Opec members to accept painful

tries reached a four year high,

at 451m tonnes, on July 1. That equalled 99 days of for-

ward consumption, one day more than a year earlier.
Oil consumption in the OECD is projected to grow by 2 per cent this year and continue at the same pace in the first half of 1989, assuming a classification in economic growth.

from 3 per cent to 2.5 per cent.

wdown in econ

For two years, Opec's biggest outstanding difficulty has been Iraq's refusal to accept a quota less than that of iran's, at 2.369m barrels a day (b/d). Now that a ceasefire is in place many fear that if Iraq remains ontside the quota system, it could push production up to 4m h/d within a year, compared with current output of

Prior to Dr Subroto's visit ast week to the Middle East, the stage appeared to have been set for a resolution of this

Venezuela had backed off

allowing any big increase in the Iraqi quota, which would have been difficult to sell domestically without a propor-tionate increase in Venezueia's

production.
In return for this compromise, venezuela wanted two things, for the UAE to adhere to its quota, and for Kuwait and other Arab producers to back down on the argument over condensates, the ilquids that condense during the pro-

duction of natural gas. Kuwait has accused Venezuela of classifying some crudes as condensates and thus evading the Opec quots. The Venezuelan position con-tained the germs of a broader series of compromises that could have resolved many of Opec's difficulties. In the end, of course, Dr Sub-

roto appeared to have struck out on all counts.

Iran proudly rejected any proposals that Iraq might be granted a production quota equal to its own. Kuwait scoffed at suggestions that the definition of what constituted crude oil might be dropped from the agenda. And, of course, the UAE has merrily lifted its own production to about 12m hdd about 1.7m b/d
The basis for a compromise

thus appears to have evaporated . . . or has it?
"The price pressures are just

about what they were in 1986, and that might be enough to concentrate minds," says Mr Geoff Pyne of Phillips & Drew. Should prices continue to fall, the pressure will increase, and some Opec members may well believe that a few months of unacceptably low prices is not too high a price to pay for a best agreement in Norman. a better agreement in Novem-

This imputation of strategy on the part of Opec members is, of course, speculation, and the November meeting could well come and go with little from its firm stance against progress, if only because mar-

Timor resources deal agreed

By John Murray Brown in Jakarta INDONESIA AND Australia

have made a major break-through in boundary talks over the oil-rich Timor Gap, the sea area lying between Timor Island and the Northern Territory. Under a plan which has still to be formally ratified, the two countries have agreed to a proposal jointly to develop the mineral resources in the disputed area.

50:50 split on future revenues from the basin, which is believed to he one of the richest in the region. Officials yesterday described the accord as an "interim measure which should not

prejudice" the continuing negotiations to find a perma-nent legal settlement of the

The breakthrough follows concerted lobbying by Austra-lian oil companies, many of which have individual or overlapping interests in the dis-puted zone. They including Woodside Petroleum, Pelsart Oil, Oil and Minerals Quest, Otter Exploration and Austra-lian Aquitaine. All permits have been frozen pending com-pletion of the sea-bed talks.

includes a proposal, first put forward to February, whereby Indonesia will receive a proportion of Australian tax revenues from a second area outside the disputed zone. Australia would seek reciprocal claims on an adjacent Indonesian field. The 250 km Timor Gap forms the missing section of a mari-time boundary agreed by both

US MARKETS

New York

WORLD COMMODITIES PRICES

of the world's two dozen biggest oil fields. The Australian company Broken Hill Proprietary BHP is

currently producing around 35,000 barrels a day at the Jabiru field, 200km south of the disputed zone.

Venezuela plans to lift crude output potential By Joe Mann in Caracas

VENEZUELA'S NATIONAL oil \$12.4bn in oil, petrochemical

venezuela, plans to raise its and 1993.

Crude oil production potential from the current level of 2.57m barrels a day to 3m h/d by 1991 category and to maintain it at the level and to maintain it at that level throughout the 1990s.

pump at a given moment.

A high level of potential provides greater flexibility in times of sharp changes in international supply and demand. Higher potential will give Veneznela a more important role as a world oil

upplier. PDV, Venezuela's largest company by far, plans to invest and coal projects between now Of this; about \$5.5bn will be

speut on production a category that includes sustaining current oil output potential and building extra An oil company's production potential for future use, potential determines; how a Of the total projected potential of 3m b/d, 2.3m b/d would be light and medium

crudes, with 700,000 b/d in

heavy crudes.

PDV's actual output last year included an average of 1.53m b/d of crude oil, comprising 535,000 b/d of light oils, 589,000 b/d of medium oils and 410,000 h/d of heavy and extra-heavy crude.

AR ACTIVE

LONDON MARKETS

COFFEE PRICES advanced yesterday as concern grew about a dry spell in Brazil. Damage to the crop is not yet likely to be severe and one torrer downpour could send the market tumbling, declers said. But until the weather breaks operators would positions. The market is elso watching the meeting of "other mild" producers in Ecuedor in the run-up to the International Coffee Organisation talks due to start on September 19. Yesterday dealers said e US proposal, backed by the "other mild" countries,

bags for mild coffees was e non-starter as Brazil and Colombie would reject it. On the bullion market silver rose to 655 cents an ounce amid nervous over the threat of another miners' Crude oil (per barrel FOB September) + or \$11,90-2,00q -0,325 \$13,35-3,50y -0,425 \$14,35-4,40q Oubei Brent Blend W.T.I. (1 pm es

calling for a special export quota of 2m

Dos Mar May Aug Oct Premium Gasoli Gas Oil Heavy Fuel Oil Nambiba um Argus Es Gold (per troy oz) \$\int\\$Silver (per troy oz) \$\int\\$Platinum (per troy oz) +0.50 +5 +5.60 +0.50 Palledium (per troy oz) \$122.50 Aluminium (tree mar Copper (US Produce Nickel (tree market) Tin (European free London delly sugar (raw) London delly sugar (white) Tate and Lyle export price \$274.46 \$273.0s £271.6 Barley (English feed) Malze (US No. 3 yellow) Wheat (US Dark Northern)

124.00 122.75 £127√ 6.1513 -0.5 Rubber (spot)♥ 58.25p Rubber (Oct)♥ 74.75p Rubber (Nov) ♥ 75.25p Rubber (KI, RSS No 1 Oct) 328.0m **GRANIS E/tonne** -2**60** -25 Coconut oil 1Philipi \$575v -6 -1 +0.10 Berley Close Previous High/Low 102.25 106.25 108.20 110.45 112.25 102.00 105.50 106.35 110.50 112.25

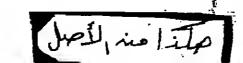
Previous High/Low Close Previous High/Low AM Official Kerb close Open Interest 872 860 822 810 802 790 805 796 816 805 830 828 872 860 Ring turnover 100 tons 99.7% purity (\$ per tonne 2580-60 2580-5 p.30.5% purky (£ per tonno) Fling turnover 47,650 tonne 830 868 Turnover: 3330 (1831) lots of 16 tonnes ICCO Indicator prices (SDRs per tonne). Dall price for Sep 2: 1004.04 (1986.07) :10 day everage for Sep 8: 1046.33 (1036.98) . Ring turnover 28,650 tonne 1386-7 1352-2-5 1372-7 1340-5 1382/1375 1364/1342 1379-60 1346-7 62,633 lots COFFEE L'Itomin 30 lots 1042 1020 1048 1030 1035 1020 1014 1005 1010 1000 1009 1000 7015 Silver (US cents/line ounce) 649-52 663-7 467 lots Lead (E per tonne) 361.5-2 367-8 Turnover: 3010 (981) lots of 0 tonnes CCO Indicator prices (US cents per pound) for Sep 2: Comp. delly 108.67 (109.03); . 15 day nvarage 108.05 (108.85). Nicial (\$ per tonne) 13180-200 13300/13150 12050-000 6.044 los 1353-4 1333-5 High/Low Close 238.40 242.80 236.00 244.60 244.80 238.40 250.00 242.60 236.60 236.60 POTATOES E/torns LONDON BULLION MARKET 65.0 75.5 96.2 185.9 229.40 228.00 63.0 74.0 96.5 105.5 63.0 73.5 95.9 105.8 251 4 -252 4 252-252 1₂ 252-204 251-530 425 \(\frac{1}{2}\) \(\frac{1}2\) \(\frac{1}2\) \(\frac{1}2\) \(\frac{1}2\) \(\frac{1}2\) \(\frac{1}2\) \(\fra Close High/Low 266.00 262.00 260.00 263.40 260.00 264.00 263.50 264.00 256.50 **BOYABEAN MEAL E/tonne** \$ price £ equivalent Close Previous High/Low

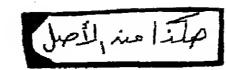
Turnover: Raw 2588 (267) lots of 50 tor White 942 (140) . Parie-White (FFr per tonne): Oct 1660, Dec Mar 1646, May 1645, Aug 1646 Oct 1655 175,40 184,00 189,00 189,00 178,00 175.40 173.50 184.50 182.50 189.00 188.00 173.50 178.00 s High/Lov 124.50 122.50 128.50 124.50 128.60 126.50 120.00 127.73 128.75 127.50 127.50 128.25 125.25 127.00 129.25 131.25 130.00 127.50 Sep Oct Jen Apr Jul BFI 1368 1500 1530 1554 1396 1279 1370 1503 1635 1566 1594 1278 1373 1386 1510 1498 1540 1630 1670 1584 1898 125.50 124.00 123.50 122.75 Turnover 110 (61) 166,75 108,50 110.40 113.20 110.95 110.70 113.75 113.55 118.00 115.80 115.80 118.65 120.20 120.05

440-445 440-445 440-445 439-444 427-430 10034-1013 16034-1023 258¹2-252 258¹2-252 258¹2-262 258-261 251-253 59¹4-60 59¹4-60¹4 316.9-320.0 p/fine o US cts equiv 667.45 682.20 COTTOR
Liverpool-Spot and shipment sales for the
week ended September 2 amounted to 787
tonnes against 373 tonnes in the previous
week. Trading was high with dealings
occurring in Soviet, week African, American,
Pakistan and Israell growths. Aluminium (89.7%) Calls Puts 70 135 229 September/October c and f Dundee BTC \$485, EWC \$475, ETD \$420, BWD \$415, c and f Antwerp BTC \$465, BWC \$445, BWD \$385, ETD \$405. **275**0

429.3 431.5 434.6 437.4 443.4 449.2 456.0 461.1 467.2 524.1 526.5 534.1 540.6 529.6 528.6 534.5 529.0 633.6 537.0 0 523.0 526.0 534.3 674.0 662.0 676.0 102.20 101.40 100.30 99.20 97.30 93.50 90.80 65.90 87.10 85.10 Latest Previous High/Low 14.30) 14.34 14.42 14.49 14.57 14.60 14.72 14.78 14.85 Retailing September 19th tact: · ga. 81.448 8080 ext 3665 or write to him at Bracken House 10 Camon Street

HEATING Off. 42,000 US gatte, cents/US gatts Chicago Previous High/Low SOYABEANS 5,000 by min; cents/50th by 4248 4315 4380 4429 4380 4245 4110 4040 4020 4255 4350 4370 4340 4210 4100 4000 5870 4000 589/0 903/0 911/4 Nov Jan Mar May Jul Aug Sop SOYABEAN OIL 60,000 lbs; conta/th COCOA 10 tonnes:\$/topnes rus High/Low 1198 1227 1212 1222 1246 1206 27.45 27.70 26.25 26.50 26.85 29.00 26.95 27.80 27.37 27.67 28.15 28.45 28.60 28.35 27.90 Pres 122.37 123.17 121.25 120.70 120.80 119.36 118.63 126.18 127.21 125.00 124.25 134.60 124.60 121.63 126.50 127.25 125.50 124.50 124.50 124.50 270.7 269.7 268.7 265.5 261.7 258.6 263.0 243.0 Sep Oct Dec Jan Mar May Jul Aug 277.6 277.6 277.6 275.0 271.0 265.0 260.0 263.0 124.25 122.40 122.00 121.45 122.00 276.7 277.1 274.7 270.7 264.5 259.5 261.0 MAZZE 5,000 bu min; cents/50th bushel SUGAR WORLD "11" 112,000 lbs; cents/fba us High/Los 10.86 10.02 10.45 10.16 9.96 9.93 Sep Dec Mar May Jul Sep Dec 294/4 306/8 310/8 312/4 308/4 257/4 274/4 10,54 10,21 10,62 10,29 10,08 10,00 0,33 408/4 425/2 429/2 405/4 874/2 Close 402/0 418/6 422/0 53.53 62.95 52.57 52.55 53.04 54.00 53.61 52.49 52.40 52.63 52.95 54.12 LIVE CATTLE 40,000 lbs; cents 70.97 72.00 73.30 74.70 73.97 71.15 71.25 72.45 73.60 75.00 74.25 71.70 71.80 72.90 74.36 73.75 71.15 ORANGE JUICE 15,000 lbs; con 193.36 134.35 172.00 170.00 160.10 160.10 167.10 167.10 185.80 165.10 173.70 170.85 169.80 188.00 Close 37.55 39,82 42.45 42.10 46.72 47.55 46.00 167.80 37.50 39.55 42.30 42.10 45.70 45.97 38,15 Sect 2 Sect 1 mith ago yr ago 1918.3 1907.0 1872.3 . 1642.4 Prev 48.67 48.65 49.40 47.25 48.85 48.75 60.55 51.17 49.20 DOW JONES (Base: Dec. 31 1974 - 100)





WORLD STOCK MARKETS

- 134 - 134

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OVER-THE-COUNTER

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TOKYO - Most Active Stocks Tuesday 6 September 1968

Closing Prices 7:35 1,480 768 866 708

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YORK STOCK EXCHANGE COMPOSITE PRICES

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OVER-THE-COUNTER

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Profit-taking erodes early gains as caution emerges

Wall Street

TENTATIVE early gains were eroded on Wall Street yester-day, as stocks failed to build on their explosive rally of last Fri-day, writes Roderick Oram in

Investor entbusiasm was dampened by profit-taking and a more cautious view of August's job data, which had triggered the rally.

The Dow Jones Industrial

Average rose more than 10 points in early trading, but quickly slipped amid profit-taking and low institutional interest. At 2 pm the Dow was up 6.22 at 2,060.81. New York Stock Exchange activity was slow, with fewer than 30m shares traded by early after-

Bond markets followed a similar pattern. Analysts cau-tiooed that the cooling of the US economy indicated by the job figures required corroborat-ing evidence ovar coming months before markets could be sure of lower interest rates. While the Federal Reserve was unlikely to tighten its monetary policy in the short term, it might have to do so later if the slowdown failed to become

more marked. A slower growth rate was, in \$41%. fact, apparent in only one dis-trict in the Federal Reserve system - St Louis, according to the "Tan Book" of economic cooditions prepared by districts for the Fed's next policy meeting on September 20.

Other districts report that of the UK would not pursue its

to full capacity, therefore putting upward pressure on prices, according to details of the reports released yesterday. Markets took some encouragement from the monthly report from US purchasing managers. For a second month, it showed a small decline in

managars' confidence of con-tinuing economic expansium. The weak areas were a sharp decline in the rate of growth of export orders and in inventories, and a slightly less rapid growth rate for production.

rally, which drove the Dow up 52 points and the price of 30year Treasury bonds by 2% points, surprised market participants. Bonds look particu-larly over-bought and vulnerable to a correction, especially if the dollar remains weak. The Treasury benchmark long bond dipped yesterday about ¼ point to 100% yielding 9.06 per cent after being about ¼ point

ahead earlier. Among blue chips, General Motors slipped \$% to \$73%, Philip Morris lost \$% to \$94%, AT&T was unchanged at \$25, General Electric added \$% to \$41 %, Boeing edged up \$% to \$59% and Coca-Cola rose \$% to

Essex Chemical rose \$1% to \$35% after agreeing to a \$36-a-share takeover offer from Dow Chemical, op \$% at \$86%.

manufacturing remains strong interest in bidding \$26 a share and, in some industries, close for the company. Varo, a military electronics and optics group, recently accepted a \$25-a-share offer from IMO Delaval.

Waste Management rose \$1 to \$38% on heavy volume. The group, a leader in the disposal of hazardous materials, should benefit from stricter state regulations on toxic waste, according to analysts.

Texas Air rose \$% to \$12% in brisk American Stock Echange trading. Its Eastern Airlines subsidiary was given permission to begin laying off 4,000 workers, pending further court hearings on the subject. The job cuts are part of a key reorganisation aimed at restoring the airline's profitability.

International Businass Machines fell \$1% to \$112%. A slowdown in the economy could weaken orders for computers and other capital equip-

System Integrators rose \$% to \$8%. The maker of computer systems for newspapers said it was still reviewing several ten-tative takeover offers. Mr James Lennane, chairman, has extended his \$8-a-share buy-out offer until October 3.

Canada

RISING base metal stocks were the chief feature of midsession trading in Toronto, as most

shares gained slightly.

The composite index added 1.5 to 3,291.6 on light volume of

ASIA PACIFIC

Futures demand helps to trim back equity losses

Tokyo

A RISE in futures prices helped to rescue equities in late trading after a wave of small-lot selling, and the Nikkei average ended well off its lows, writes Isao Nakajima of Jiji Press.

The day started strongly, with demand spurred by previous rises in European markets. The Nikkei index reached a 's high of 27,449.48 shortly after the opening, but by early afternoon had fallen 130.62 to 27,210.96. By the close, how-ever, it was just 21.07 lower at

Turoover remained thin, totalling 513.5m shares against Monday's 472.9m. More stocks fell than rose - 480 against 314 - and 231 issues were

Later in London, Japanese stocks moved upwards, adding

7.23 to 1,780.37. In Tokyo, institutional inves-tors stayed away from the mar-ket in spite of a firmer yen, but individual investors and busi-ness corporations sought incentive-backed stocks, which

have been volatile lately.
Nippon Mining was again
the busiest issue, with 97.7m shares changing haods. It iumped Y68 to Y740 at one stage, surpassing Monday's record Y721, on rumours of its involvement in a project that has managed to separate a cancer inhibitiog gene from a human cell. The stock closed

Y63 higher at Y735. Other cancer-related stocks also registered large gains. Kuraray advanced Y80 to Y1,370 on a report that it had Green Cross shot up Y160 to

Paper/pulp stocks saw continued demand backed by their good business performance. with Honshu Paper rising Y26 to Y766 on the second heaviest trading of 22.6m shares.

trading of 22.6m shares.

Leading steels turned npwards towards the close. Nippon Steel dropped Y11 to Y647 temporarily, but finished Y7 higher at Y665, while Kawasaki Steel ended Y9 higher at Y708 after falling Y10 to Y689. In Topix stock index futures trading, the current December trading, the current December contract finished at 2,120, down 4. after losing 13 to 2,111 at one stage. Total futures trading volume further decreased from Y358.1bn on Monday to Y210.9bn. Institutional investors refrained from active buy-ing because of the uncertain trend of the cash market, ana-

A short-term economic survey report released by tha Bank of Japan showed the domestic economy is growing faster than expected. This fuelled inflation fears and prompted bond selling. The yield on the benchmark 5.0 per cent government bond due in

December 1997 rose to 5.350 per cent in inter-dealer trading. The Osaka Securities Exchange ended lower as investors stayed mostly on the day in New York. The OSE stock average fell 95.11 to 26,268.31. Volume increased by 9.51m shares to 53.55m.

Torishima Pump slipped Y100 to Y1,350 in light selling and Toa Wool Spinning Y50 to developed a substance that Y1,950.

Stock index futures based on the Nikkel average continued to fall. The December contract went down 170 temporarily, but closed the day 40 lower at 27,600. Volume of the December contract was estimated at 20,000 contracts.

Roundup

THE WAIT for Wall Street to left Asia Pacific markets directionless yesterday, and most fell back in lacklustre trading.

AUSTRALIA lacked direction after its strong rise on Monday, with mining stocks weakened by falling commod-ity prices. The All Ordinaries gave up 4.7 to 1,567.2.

Western Mining fell 14 cents to A\$5.50, Bougainville 5 cents to A\$3.40 and MIM 3 cents to A\$1.85. CRA, however, rose 4 cents to A\$8.48 on news of record interim profits.

HONG KONG was held back by the wait for Wall Street to resume trading and shares fell after a slow session.

The Hang Seng index, which rose by 60 points on Monday, fell 6.10 to 2,502.09, and turnover dropped to HK\$414m worth of shares against HK\$638.4m the previous day.

SINGAPORE was also quiet in the absence of a lead from New York and, keeping one eye on Tokyo, ended the ses-sion lower. The Straits Times industrial index eased 4.76 to

TAIWAN was pulled lower by sharp losses in the financial sector, with the weighted index closing 74.39 lower at 8.018.89.

Election results fail to see off the bears

Alison Maitland on the factors behind Singapore's recent downward correction

xtraordinarily rapid economic growth, buoyant soft commodity prices and plentiful spare cash among small investors should spell good news for a stock market stock of 1,020 last Tuesday. Volume has dwindled to a trickle on some days, with the only activity coming from individual investors while institutions and foreigners remain absent.

Yet share prices have reacted with more of a whimper than a bang to the victory of the ruling People's Action Party in last weekend's general election — a victory that promised the stability so beloved of financial markets.

A sharp rise in the Straits Times industrial index in early trading on Monday was attri-buted as much to Wall Street's strong performance the previous Friday as to the electoral triumph of the Prime Minister, Mr Lee Kuzn Yew. Yesterday the market turned

in Tokyo and an absence of institutional buying, with the index ending 4.76 down at 1,062.28 in very thin trading. Over the past month, shares have been undergoing a steep

lower again in response to falls

downward correction. The index is still about 10 per cent off its 1988 high of 1,177.87 reached on August 8 - after

and foreigners remain absent. So what happened to the

strong recovery shown by Singapore in the first half of the year? Up to August 8, the index had climbed 41 per cent, making Singapore one of the biggest outperformers of the

Part of the reason for those gains was that Singapore, like its fellow outperformer this year, Australia, fell more heavily than most during last year's crash, so there was still a lot of ground to make up. The Straits Times industrial index is currently 29 per cent off its all-time high of 1,505.40, which was reached in August

The strength of commodities such as rubber, palm oil and tin also helped, and many small investors were flush with cash because of buoyant export

Then there was the economic optimism, culminating

back to end 80 cents lower at

Fl 136.70. Airline KLM, announcing a rise in its provi-

on August 9 in the National Day celebrations when the GDP had reached 11 per cent in the first half and that the forecast for the full year had been revised up sharply to 9 per

By this time the market was looking overbought and good news was already discounted in prices. Globally, worries about rising interest rates were giving markets the litters. It therefore took only a few dis-appointments on the corporate front, such as the results from OCBC bank and Haw Par, the investment holding and trad-ing company, to trigger a downturn.

Bear market sentiment set in, with investors anxiously watching each development in the US economy and every twist and turn of the Tokyo market. The success of an inde-pendent candidate in the Johor Baru by-election in Malaysia last month increased political uncertainty there and the general election in Singapore was a further excuse to hold back. Now the election is out of

the way, analysts do not neces-

Singapore

Straits Times industrial index

sarily see Singapore pushing strongly ahead again. The PAP may have won a convincing, and expected, victory, but there is political uncertainty over Mr Lee's plans to create an elected presidency with

executive powers.

Moreover, whila the local market might favour the status ono, some outsiders believe that foreign investors could hold back because of misgiv-ings about the political system Analysts agree the outlook is

uncertain. Mr Peter Bristowe macriam. Mr recer bristowe, Far East specialist at Hoare Govett, sees the index settling down in a 100-point fange, "The market's not going to soar away." Because of rapid economic growth, he points out, the market is on a premium to most other exchanges, with a prospective pricalearnwith a prospective price/earn-ings ratio of about 18 compared with 9 in Hong Kong.

It is also an illiquid market, with large amounts of stock controlled by the banks or fam-

Other analysts cite uncer-tainty over the US presidential election and signs of growing protectionism from the US and Europe towards Far Eastern

mr Roger Delaney, an assistant director and Singapore specialist at Citicorp Scrimgeour Vickers, believes the fundamentals are good. However, Singapore could well be held back by events outside its control. "We've got a world moblem, one of a perception of problem, one of a perception of rising interest rates, where equities will not perform very well. Singapore is not going to buck that trend," he says.

BMW rises on rumours of stake-building

MOST bourses finished slightly higher but there was little direction to European trading and turnover levels remained thin, writes Our Markets Stuff.

FRANKFURT came off the day's highs to end only mar-ginally better. Volume picked up a little to DM2.4bn, and traders said this reflected greater activity on the part of

domestic institutions.

The FAZ index gained 1.65 to
487.36 at midsession and the
DAX real time index ended 4.89

higher at 1,179.76.
The mood was helped by news of a 3.4 per cent rise in second quarter gross national product - slightly better than expected. An unchanged rate of 4.25 per cent for the latest securities repurchase agreement by the Bundesbank encouraged the view that interest rates had stabilised.

Carmaker BMW was one of the strongest performers, ris-ing DM12 to DM492. After moving little for the first hour of ding, it suddenly shot up DM10 and a rumour spread through the market that Siemens was buying 25 per cent of the main shareholder. There were also reports of a large buy order from Düsseldorf. Siemens

rose DM3 to DM433. Bonds were sprightly, gaining up to 60 pfg on the stable D-Mark. The yield on the previ-ous 6% per cent 10-year federal bond dropped to 6.65 per cent

PARIS had another quiet day, with volumes at extremely low levels. There was little news to inspire demand and share prices ended

little changed, underpinned late in the day by the firmer opening on Wall Street.

The CAC General index, calculated at the opening, was down 1.8 at 348.3. At the session's close, the OMF 50 index was just 0.09 weaker at 347.97.

Turnover was estimated to be Turnover was estimated to be similar to Monday, when only FFr549m worth of shares

The takeover battle for Irish Distillers, pitting France's Pernod against Britain's Grand-Met, left investors confused. There were doubts whether Pernod could benefit either way, one analyst said. A successful bid would cost Pernod dear; if the French drinks group lost, it would be left

without a clear cut strategy Pernod fell FFr11 to FFr1,052. London

Fellow drinks group Perrier was one of the more active THE DIRECTION of Wall stocks as speculative trading resurfaced. About 42,600 shares were dealt, with the issue ris-ing FFr3 to FFr959. Canal Plus, which rose strongly on Monday, gained FFTI to FFT573, having been at FFr579, and Agence Havas saw late demand, closing FFr1 higher at FFr709 after falling to

FFr705. The market is awaiting news on a possible restructur-ing of shareholdings between AMSTERDAM saw afternoon AMSTERDAM saw afternoon profit-taking but managed to end slightly up on Monday, in spite of a drop in the dollar. The CBS all-share index edged up 0.4 to 95.6 and volume was similar to Monday at F1 168m. Heineken, the hrewer, opened strongly after the previous day's decline but then fell back to end 80 cents lower at

Street was a key influence on trading in London yesterday, with share prices underpinned initially by a firm opening across the Atlantic. As New York's advance was triumed, however, the FT-SE 100 index fell back to close just 3.5 higher at 1,768.0.

sional loan factor to 72.3 last month from 71.7 in July, added 60 cents to Fl 35.30. And insurer Aegon, which received permission to be listed on the Tokyo exchange, ended 40 cents higher at F1 83.20.

HELSINEI dropped sharply,

with the Unitas general index falling 12.4 points, or 1.3 per cent, to 695.1. Shares were hit by profit-taking following last month's record highs and by a negative reaction to Union Bank of Finland's one-for-five

STOCKHOLM rallied after initial losses, buoyed by Wall Street's opening gains and lower oil prices. The Affarsvärlden index rose 4.8 to 863.7. Rriesson, which has won a \$230m order from Mexico for telaphone, exchange, equiptelaphone exchange equip-ment, added SKr4 to SKr270. ZURICH had another lack-

stre session, moving little in thin turnove Most of the activity was

MADRID continued its slow recovery from last week's poor performance, with the general index gaining 0.84 to 281.32. Construction, investment and utility stocks were among the best performers, but volume

MILAN had another thin day, but stocks moved higher, led by bank gains. The Comit index added 3.71 to 518.04. Insurance leader Generali was up L790 at L90,990 on foreign and local buying.

A new share index of 25 to R67.25.

leading Italian blue chips was launched in Milan yesterday by Studio Aletti, the securities house chaired by Mr Urbano Aletti, a former president of

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the Milan stock exchange, writes Alan Friedman in Milan. The Aletti 25 Index groups such top stocks as Fiat, Generali, Olivetti and Mediobanca and covers nearly 60 per cent of the market's total capitalisation. The share basket signifi-cantly outperformed the tradi-tional MIB index in the first eight months of 1968, according to Studio Aletti, with a growth rate more than twice that of the main share index.

SOUTH AFRICA

unchanged to slightly lower in uneventful trading in Johan-nesburg yesterday as the bul-lion price continued to drift. Vaal Reefs dropped R3 to P244 and Ofsil seased 50 cents R244 and Ofsil eased 50 cents



DOME PETROLEUM LIMITED

U.S. \$75,000,000

U.S. \$3,130,000

Floating Rate Notes due 1988 U.S.\$50,000,000 Floating Rate Notes due 1989

U.S. \$50,000,000 U.S. \$50,000,000 .. Due 1992 **Due 1994**

NOTICE OF EFFECTIVE DATE

Notice is hereby given to the holders (the "Holders") of the above described notes and debentures (collectively, the "Notes and Debentures") of Dome Petroleum Limited (the "Company") that the plan of arrangement under the Canada Business Corporations Act (the "Plan of Arrangement") to combine the business and operations of the Company and Amoco Canada Petroleum Company Ltd. ("Amoco Canada") received the final approval of the Court of Queen's Bench of Alberta, Canada on 14th July, 1988 and became effective on 1st September, 1988.

NOTICE OF PAYMENT

The payments by Amoco Canada under the Plan of Arrangement to Holders of the Notes and Debentures will be made upon surrender of the Notes and Debentures and certain of the Coupons relating thereto to the respective Paying Agents set forth below.

APPOINTMENT OF PAYING AGENT

Notice is hereby given to the holders of the U.S.\$75,000,000 Floating Rate Notes due 1988, the U.S.\$50,000,000 Floating Rate Notes due 1989 and the U.S.\$3,130,000 161/2% Fixed Rate Notes due 1989 that effective August 22, 1988 Europeen American Bank and Trust Company, EAB Plaza, Uniondale, New York, U.S.A. resigned as a paying agent and Bankers Trust Company, 4 Albany Street, New York, New York 10015, U.S.A. was appointed to act as a paying agent in respect of

U.S. \$75,000,000 Floating Rate Notes due 1988 · Canadian Imperial Bank of Commerce (Toronto), Main Branch, U.S. \$75,000,000 Hossing Hate Notes due 1905 - Certectern Imperial Dank of Commerce (normito), wast branker, commerce Court, foronto, Canada, MSL 169 as principal Paying Agent; Societe Generale Alsacienne de Banque (Luxembourg), 15 Avenue Emile-Reuter, Luxembourg (Grand-Duckers Tirust Company (New York, 4 Alberty Street, New York, New York 10015, U.S.A.; Kuwait Investment Company (S.A.K.) (Kuwait), Muberak al-Kabir Street, Kuwait City, P.O. Box 1005 Safat, 13011 Safat, Kuwait; Morgan Gueranty Trust Company of New York (Brussels), 35 Avenue des Arts 1040 Brussels, Belgium; Societe Generale (Paris), International Finance criment, 3 Rue Lalayette, 75009 Paris, France; Societe Generale (London), 60 Gracechurch Street, London

U.S. \$3,130,000 161/4 Fixed Rate Notes due 1989 and U.S. \$50,000,000 Floating Rate Notes due 1989 — Canadian Imperial Bank of Commerce (Toronto), Main Branch, Commerce Court, Toronto, Canada, MSL 1G9 as principal Paying Agent; Societe Generale Alsacienne de Benque (Luxembourg), 15 Avenue Emile-Rauter, Luxembourg (Grand Duchy); Banque Generale du Luxembourg S.A. (Luxembourg), 14 Rue Aldringen, Luxembourg (Grand Duchy): Bankers Trust Company (New York,) 4 Albany Street, New York, New York 10015, U.S.A.; Morgen Guaranty Trust Company of New York (Brussels), 35 Avenue des Arts, 1049 Brussels, Belgium; Societe Generale (Parls), International Finance Department, 3 Rue Lafayette, 75009 Parls, France; Societe Generale (London), 60 Gracechurch Street, London EC3V 0HD, England.

U.S. \$50,000,000 10% Debentures Due 1994 and U.S. \$50,000,000 13½% Debentures Due 1992 Canadian imperial Bank of Commerce (foronto), Main Branch, Commerce Court, Toronto, Canada M5L 169 as principal Paying Agent; Canadian imperial Bank of Commerce (London), Cottons Centre, Cottons Lane, London SE1 20L. England; Canadian Impedal Bank of Commerce (Calgary) 828 - 8th Avenue S.W., Box 6280, Station D. Calgary, England; Canadian impensi Bank of Commerce (Cargary) (125 - 6th Averue 5.vr., Dox ozou, Station D., Cargary, Canada T2P 2P2; Banque Generale du Luxembourg S.A. (Luxembourg); 14 Rue Aldringen, Luxembourg (Grand-Duchy); Deutsche Bank Aktiengesetschaft (Frankfurt), Taunusanlage 12, D-6000 Frankfurt am Main 1, West Germany; Morgan Guaranty Trust Company of New York (New York), 30 West Broadway, New York, New York 10015, U.S.A.; Morgan Guaranty Trust Company of New York (Brussels), 35 Avenue des Arts, 1040 Brussels, Belgium; Swiss Bank Corporation (Zurich), 6 Paradelplatz, 8022, Zurich, Switzerland.

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FT-ACTUARIES WORLD INDICES

Jaintly campiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS		MONDA	Y SEPTEMBE	R 5 1988		FRIDA	Y SEPTEMBE	R 2 1988	De	DLLAR IND	EX
Figures in parentheses show number of slocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Loca(Currency Index	Gross Olv. Yield	US Dollar index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx
Australia (86) Austria (16) Belgium (63) Canada (126) Oenmark (39) Finland (26) France (128) West Germany (100) Hong Kong (46) (retand (18) Ilaly (100) Japan (456) Malaysia (36) Mexico (13) Netherland (38) New Zealand (20) Norway (25) Singapore (26) South Africa (60) Spala (43) Sweden (35) Switzerland (55) USA (580)	142.96 86.98 112.79 118.26 121.35 116.21 90.58 102.62 130.21 70.04 154.66 139.16 152.17 101.62 73.25 110.42 122.17 105.83 113.13 75.53 123.97 108.08	#51777777777777777777777777777777777777	125.72 76.49 103.99 106.71 102.19 77.65 90.23 114.59 136.00 122.38 139.34 97.40 97.43 97.49 197.43 97.49 197.43 97.48 107.43 97.48 107.43 97.48 107.43 97.48 107.43 97.48 107.43 97.48 107.43 97.48 107.43 10	118.81 83.84 105.67 117.34 89.73 72.70 107.34 132.96 142.94 97.19 62.77 114.68 86.78 107.94 107.94 109.01	3.92 2.59 3.253 3.62 2.560 3.554 4.53 3.778 2.64 4.73 5.90 2.35 4.94 5.49 2.45 3.64 4.73 5.90 2.35 4.36 4.36 4.36 4.36 4.36 4.36 4.36 4.36	139.68 86.51 111.46 117.93 120.41 117.05 90.26 74.07 100.14 127.07 69.84 153.13 135.94 152.09 100.53 70.75 110.08 120.31 108.73 1138.62 112.11 74.80 122.56 108.08	123.01 76.18 103.85 106.08 107.49 68.19 111.90 61.50 114.86 119.72 133.74 88.53 62.31 105.75 98.73 65.87 107.93 95.18	117.11 83.89 105.67 117.38 109.02 89.41 71.58 100.36 124.64 72.24 131.60 139.89 380.72 96.35 62.30 103.32 113.43 86.73 107.26 72.53 107.93 108.08	152.31 98.18 139.89 128.91 137.53 99.62 90.79 111.86 144.25 177.27 154.17 110.66 84.05 132.23 135.89 139.07 164.47 125.50 86.75 141.18	91.16 83.72 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60 91.33.61 107.83 90.07 95.23 64.42 98.55 97.99 105.83 130.73 96.92 74.13 120.66 99.19	169.50 98.35 133.05 134.78 123.38 100.37 146.48 145.38 88.85 145.81 174.56 372.29 124.00 132.24 178.65 159.82 159.82 159.82 159.82 155.30 129.42
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+0.7 107.32 113.06 2.43 121.22 106.76 112.34 132.38 113.37 135.67 Bare values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterilog) and 94.94 (Local). Copyright. The Figure 11 Times. Goldman, Sachs & Co., Wood Markenire & Co., Ltd.1987

Latest prices were unavailable for this edition. Markets closed September 5. Canada and USA.